

The NATIONAL UNDERWRITER

"Prompt Paying Preferred"

50 + YEARS of SERVICE

"PROMPT PAYING PREFERRED," a phrase coined long ago, is a slogan by which this Company is known widely among Agents, Brokers and Policyholders alike.

Now rounding out 56 years of service, the continuing success of the Preferred is built upon a policy of steady, natural growth. Emphasis on intelligent insurance

underwriting, both in the field and home office, and prompt settlement of claims has assured this growth.

That the course the Preferred has followed met the approval of Producers of the highest type throughout the nation, is evidenced by the fact that the mutually profitable relationships between the Company, its Agents and Brokers are usually of many years' standing.

THE PREFERRED ACCIDENT INSURANCE COMPANY

HOME OFFICE, 80 MAIDEN LANE, NEW YORK, N. Y.

EDWIN B. ACKERMAN, *President*

AUTO ACCIDENT BURGLARY PLATE GLASS LIABILITY

THURSDAY, JULY 17, 1941

What brings them back Time after time?



NEW EMMCO PLAN INCREASES PROFITS

—by offering agents a double-profit opportunity on most sales . . . by providing *extras* which are an advantage over competition, and assure repeat business at minimum selling expense . . . by holding to a prompt, fair adjustment policy, carried out by experienced automotive adjusters. Details of Emmco features and practices are free for the asking; write today for complete data on the profitable Emmco plan.

E. M. MORRIS
PRESIDENT

T. F. SHORTALL
AGENCY SUPERINTENDENT



KARL BRECHT
SECRETARY

C. L. SCRANTON
MGR. UNDERWRITING DEPT.

EXTRAS — secret of airlines' growth — keep customers coming back, and back again, for any satisfying service. EXTRAS in *insurance* service attract steady, profitable customers — who stay sold. Emmco agents offer unusual features and good-will-inspiring practices that build repeat business . . . That's why Emmco is the nation's fastest-growing automobile insurance organization. Get the details about Emmco NOW.

Emmco

HOME OFFICES: SOUTH BEND, INDIANA

EMMCO CASUALTY INSURANCE CO., INC. • EMMCO INSURANCE CO., INC.

THE NATIONAL UNDERWRITER, Published weekly (with one additional issue in April) by The National Underwriter Company. Office of publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. Forty-fifth year. No. 29, Thursday, July 17, 1941. \$4.00 a year (Canada \$5.00), 80 cents per copy. Entered as second-class matter April 25, 1931, at the post office at Chicago, Ill., under Act of March 3, 1879.

The NATIONAL UNDERWRITER

Forty-fifth Year—No. 29

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JULY 17, 1941

\$4.00 Year, 20 Cents a Copy

Can't Regulate Reciprocals in N. Y., Court Holds

Home State Must Rule Is Decision in the Warner-Pink Case

ALBANY, N. Y.—In a decision of wide significance to reciprocal and other insurance interests, the New York supreme court, appellate division, has held that foreign insurance corporations which mail policies from outside the state to assureds in New York and that do not consummate the contract within the state are not engaged in the business of insurance in New York. This probably affects casualty companies doing business by mail and some fraternal benefit societies that do a lot of business by mail.

Consequently, contracts between them and others, entered into in their home state (in this case in Illinois) must be governed by the laws of that state.

New York has not the power to regulate the business of foreign reciprocals, and statutes which attempt to provide for such regulation are invalid and inapplicable to them.

Involves Warner Reciprocals

The opinion, which reversed the lower court on certain points, was handed down in the case of the Canars Exchange and the Warner Reciprocal Insurers vs. Superintendent Pink and Attorney-General Bennett, Lansing B. Warner, Inc., Chicago, is attorney-in-fact for both reciprocals.

The two exchanges, one engaged in the canning industry and the other specializing in the wholesale grocery and allied fields, challenged the constitutionality and application of certain portions of the New York insurance law; specifically, Sections 130, 168, 410, 412, 413, 415, 417, 418, 421, 422.

These sections include regulation of policy contracts and forms, provision for countersignature, joint liability of subscribers, restriction of those who can take out this type of insurance to those with a net worth of \$10,000 or more, etc.

It may also affect the power of New York to collect the two percent premium tax on net deposits of the Warner reciprocals which they have been paying under protest since 1936.

The actions were consolidated before trial and the lower court rendered a declaratory judgment in favor of the reciprocals as to certain parts of the statutes; against them as to other provisions. The appeal was taken by both the reciprocals and the superintendent. The decision was four to one. Associate Justice Bliss dissented, pointing out that the reciprocals' activities in New York have covered some 50,000 risks over the years.

(CONTINUED ON LAST PAGE)

Missouri Hearings Adjourn to Sept.

End of McKittrick Rate Case Probe Is Still Far Distant

The Missouri rate case hearings were adjourned in Chicago July 17 and will be resumed by Attorney-general McKittrick Sept. 15. At adjournment R. D. Hobbs, manager Western Actuarial Bureau, was still on the stand, and he will return there Sept. 15.

Since the hearings got under way in Chicago in April attempt to show guilty knowledge of the bribery of Missouri officials by the late C. R. Street has practically disappeared. There has been little or no reference to employment of Boyle Clark by the Missouri Inspection Bureau while he was in the employ of the Missouri insurance department.

McKittrick now is trying almost exclusively to show that the Subscribers Actuarial Committee, and through it the companies, control premiums on fire business in Missouri. Off the record McKittrick has admitted that considered in the light of the Missouri rating act the procedure of the fire companies in Missouri probably is legal. They are, however, in violation of the state antitrust act, he contends, and that act takes precedence over the rating act.

Record Now 10,000 Pages

The record now stands at close to 10,000 pages, about 4,000 of which consist of testimony and exhibits of Mr. Hobbs. The record now contains more than 800 exhibits. Memoranda of the secretaries of the Subscribers Actuarial Committee, Mr. Hobbs and the late J. V. Parker, back to 1929, are going into the record. So far the attorney general has covered from 1940 to 1936. At this rate Mr. Hobbs may not be through until Christmas. E. A. Henne, vice-president America Fore, who was expected to take the stand long before now, dropped in on the hearings briefly last week.

Judge Atwood, Missouri attorney who is acting as observer for Governor Donnell, was on the job the week preceding adjournment. Governor Donnell is a thorough individual, and wants to be familiar with the issues involved in the Missouri case.

Attorney-general's Procedure

McKittrick's procedure in the hearings latterly has been to produce an exhibit that will get a certain subject, extended coverage, for instance, introduced in the record. Then he brings in all the corollary evidence he can find in Mr. Hobbs' files.

Early in his questioning of Mr. Hobbs, the attorney-general asked the W.A.B. manager to produce evidence of subjects on which he had made no recommendations to the Subscribers Actuarial Committee. So far Mr. Hobbs has produced over 200. Of the other sort, subjects on which he did make recommendations to the committee, he has found only a dozen or so.

The last week or two was characterized by the placidity of the hearings. Only once or twice did McKittrick

Special Agents of Tenn. Urged to Aid Eliminating Unfit

To apply the term agent to a large part of the more than 2,500 licensed in Tennessee to write multiple line insurance would surely be liberal, R. T. Cawthon, manager of the Tennessee Association of Insurance Agents, said at the Tennessee Fire Underwriters Association convention in Chattanooga. Many of them do not think of themselves as insurance agents and they have no desire nor intention according to their own admissions, of trying to qualify, he said. A glance at the occupations of the licensees reveals a conglomeration of druggists, barbers, automobile dealers, garage mechanics, farmers, school teachers, W. P. A. laborers, sewing machine operators, etc. Such a situation if it were not so serious, would be ludicrous, Mr. Cawthon remarked.

Paul Eldridge, Jr., America Fore, was elected president of the fire underwriters association. Hillyard Paschall, Royal-Liverpool, was chosen vice-president and George W. Harbison, America Fore, was reelected secretary.

Fire Prevention Officers

The Tennessee Fire Prevention Association, meeting at the same time, elected Leon McGilton, American of Newark, president; W. T. Huff, Security of New Haven, vice-president, and Mr. Harbison, secretary.

J. W. Johnson, America Fore, was chosen most loyal gander of the Tennessee Blue Goose. Other officers elected were: E. P. Turner, New Hampshire, supervisor; H. R. Trickey, St. Paul F. & M., guardian; J. K. Recktenwall, America Fore, custodian; F. C. Ray, Aetna Fire, keeper, and George Farber, wielder.

Mr. Cawthon maintained that in order to eliminate the disinterested and incompetent, the Tennessee association needed the full cooperation of companies and company men. He lauded the insurance department for cutting down the number of licenses issued drastically in the past several years and said that the Tennessee association has been striving with all its might. He felt that the drive would fall far short of realization, however, unless the cooperation of the field men could be secured.

Companies have been too easily satisfied in the past that prospective agents possess the requisites for success as full time representatives, Mr. Cawthon said. Standards cannot be too high and, if errors in selections are made, the special agent will be better off if he will admit them and go after others who can qualify.

The proposition of increasing the efficiency of the legitimate agent and eliminating all others is bound to result in benefits to the companies, field men and public, alike, Mr. Cawthon said. As long as the present situation persists it is impossible for agents to command public respect. "If the insurance business does not overhaul agency setup, there are

show 'fire,' once when he threatened to go to the Missouri supreme court to stop H. H. Berger, defense attorney, from objecting to McKittrick's questions and introduction of exhibits.

Tackle Problem of 49c Penalty on Excess Wheat

Insurance Group Studies Questions of Loss Settlements Involved

A committee of the Farm Underwriters Association is currently engaged in studying the perplexing problem that is created for insurers by reason of the congressional enactment a few weeks ago of a law penalizing farmers 49 cents a bushel on wheat that is marketed in excess of the allotment. The committee consists of B. R. Walinder, America Fore; R. G. Osgood, North America, and Arthur Johnson, Hartford Fire. Some believe that there may not be any very satisfactory solution available this year but that in the future policies covering grain should carry a definite provision that the adjustment shall be on the basis of cash value less any penalty.

The matter of the penalty for excess production has not been an insurance factor until the present moment. In the past there has been a 15 cent penalty but it has not projected any noticeable problem. The new law was passed after practically all of the seeding had been completed and the farmers had not been notified of their allotment. A good many farmers did not anticipate that there would be such a heavy penalty. They were banking on a penalty no greater than 15 cents and went ahead and seeded in excess of the allotment that they expected. Many farmers apparently felt that the war situation might cause abandonment or drastic modification of the crop curtailment program. The 49 cent penalty came as a great shock to the farmer. The penalty is not collected by the government when the excess acreage is harvested but only when the excess is marketed.

Example Is Given

The farmer that had an allotment of 80 acres, for instance, might have seeded 120 acres, being 40 acres in excess of allotment. He could harvest the entire crop and could market the fruits of 80 acres without paying any penalty. He might store the fruits of 40 acres. Then the grain that was being stored

(CONTINUED ON PAGE 27)

those in Washington who would rejoice at the chance," he said.

If the Tennessee association throws its influence against the appointment of an agent whom it feels to be incompetent, the special agent involved can be absolutely assured that neither he nor his company are being opposed, but that only the principle is involved. "The fortunes of the special agent of the whole institution are bound up in the success of our crusade," he said.

Mo. Superintendent Nominee Rejected

JEFFERSON CITY, MO.—With the surprising refusal of the Missouri senate to confirm A. S. Phillips as insurance superintendent, Governor Donnell is expected to make a recess selection of a successor to Ray B. Lucas. Superintendent Lucas, whose term expired July 1, had requested Gov. Donnell to relieve him by July 15.

The name of Phillips was sent to the senate by Governor Donnell the day before the legislature adjourned. Rejection came at an executive session when Senator Dyer, St. Louis Democrat from Phillips' district, indicated the latter was personally objectionable to him. Refusal of the senate to confirm the appointment was in accordance with "senatorial courtesy."

There was little comment on the senate action either by Gov. Donnell or Sen. Dyer. The latter stated that he did not consider Phillips the man for the job.

Mr. Phillips, active in Republican politics for many years, was one of Gov. Donnell's attorneys and advisers in the election contest precipitated by the Democratic candidate, Lawrence McDaniel. Mr. Phillips was state senator 1911-1914 and was first chairman of the Missouri workers' compensation commission, 1926 to 1929.

Objector Heads Trucking Firm

Sen. Dyer is head of the Dyer & O'Hare Hauling Co., St. Louis trucking concern.

The names of several other men than Mr. Phillips had been discussed in connection with the post. Among them were W. F. Phares, Maryville banker; J. F. Holland, former chief deputy superintendent; J. B. Thompson, former superintendent; David Hopkins, St. Joseph agent.

Several additional names now are being mentioned for the post of superintendent. Among them is Judge Allen May, former general solicitor for General American Life, who left that post several months ago to accept a special position on the legal staff of the Association of Life Insurance Presidents. Judge May was an assistant to Jesse Barrett when he was attorney-general in Missouri.

Others suggested are E. L. Scheufler and Forest W. Hanna, Kansas City lawyers.

Mr. Holland, city counselor for St. Louis, has indicated he prefers to stay in St. Louis.

Bennell Becomes Rollins, Burdick Loss Man, Chicago

Henry J. Bennell, head of the loss department of Fred S. James, Chicago, has joined the loss department of Rollins, Burdick, Hunter, Chicago.

Mr. Bennell had held his present post four years. Previous to this he had been with Hartford Fire, Chicago, for 16 years. He began there as an underwriter and then became a field man, serving the last five years as special agent for Indiana.

Los Angeles Legion Slate

LOS ANGELES—Insurance Post 513 American Legion has nominated these candidates, the election to be held Aug. 8: Commander, Everett Van Ness, General of America; first vice-commander, William Sutton, Pacific Employers; second vice-commander, M. E. Ayres, Western Millers Mutual; finance officer, Carl Beahm, California Agencies, sergeant-at-arms, M. O. Brown, General of Seattle; judge advocate, Walter Brown, Pacific Employers.

Foreign Reports Delayed

The time limit has been extended by the government to Aug. 30 for completing the report on stock, debentures,

Beckwith Named to Fill New Post with E. U. A.

A new position, that of assistant manager, has been created by the executive committee of the Eastern Underwriters Association and R. M. Beckwith, assistant manager of the Western Actuarial Bureau, Chicago, has been appointed to fill it.

Mr. Beckwith will be associated with George F. Neiley, who became manager of the association July 1.

The new post was created because members of the executive committee felt that the manager needs further executive assistance in carrying out the large program of the association. H. Belden Sly, secretary of the association, will remain in that capacity.

Mr. Beckwith was born and educated in Joliet, Ill. After two years of service in the marine corps during the last war, he was awarded a scholarship in the department of fire protection and engineering at Armour Institute, Chicago, by the Western Actuarial Bureau. He graduated from the institute in 1924 and immediately joined the Michigan Inspection Bureau. Here he remained until 1927. At that time he went with Western Actuarial Bureau under the management of the late J. V. Parker. He was appointed assistant manager of the Western Actuarial Bureau in December, 1935.

Mr. Beckwith expects to take up his new duties this fall.

Effective Date of Michigan Measures Postponed

LANSING, MICH.—The Michigan legislature's unprecedented action in substituting for final adjournment a 90-day recess of the regular biennial session has drawn considerable attention in insurance circles because of the numerous new acts pertaining to the business which now are unlikely to become effective before next year.

The constitution provides that legislative acts not given immediate effect shall become effective 90 days after the sine die adjournment. The recess provision automatically suspends for an indefinite period the effective date of the following insurance measures:

Prohibiting approval of surety bonds in probate court cases if the probate judge or court employees represent the surety.

Requiring premium payment by the secretary of state for bonds covering wholesale gasoline distributors for their tax indebtedness.

Permitting foreign companies with broader corporate powers than are allowed Michigan carriers to be licensed in the state at the commissioner's discretion if they act to limit their Michigan business to approved lines.

Permits farmers' mutuals to write

bonds, etc., owned by foreign countries or nationals thereof. The deadline was to have been July 14. The Federal Reserve Bank had not completed the forms upon which these reports were to be made in time for July 14.

THIS WEEK IN INSURANCE

Attention is being given to insurance problem created by **49 percent penalty on excess wheat production.** **Page 1**

Missouri rate case hearings in Chicago adjourn till September. **Page 1**

Complication in use and occupancy losses due to shortage in material feared. **Page 3**

Continental Casualty issues new orders for automobile risk selection. **Page 15**

Governor Donnell's nominee for insurance superintendent rejected by Missouri Senate. **Page 2**

Interests identified with the Rhode Island Insurance Company are the buyers of Louisville F. & M. **Page 7**

L. G. Furtmire, president of Central Manufacturers Mutual of Van Wert, O.

No Restrictions on Loss Payments to Aliens Residing Here

None of the various regulations governing foreign exchange, etc., that have been issued so far affect the payment of insurance losses to aliens resident in this country. The regulations that have been made are confusing to those that are not actually in day to day touch with financial situations of an international character and hence the notion has gotten around that nationals of those countries that have been on the President's schedule for currency freezing purposes could not receive insurance loss payments even though they are residents of this country. Apparently this is not true. At least the insurance companies are going on the theory that it is not true and they are making no inquiry as to the citizenship of claimants that are residents of this country.

During the former war under the alien enemy act claimants had to present an affidavit along with the proof of loss that they were American citizens and the insurance companies were prohibited from making any loss payments to alien enemy residents in this country. If the United States should actually become a belligerent that would be the logical step to take but since the United States is not a belligerent there seems to be no prohibition of making loss payments to any resident of this country.

Mill Owners Mutual Is Reducing Its Dividend

The Mill Owners Mutual Fire of Des Moines announces that its policyholders dividends are being reduced in view of general conditions and increased taxes from both state and federal standpoints.

The new rate on most classes will be 20 percent instead of 25 percent. Inland marine business will remain at the present rate of 15 percent. President R. B. Carson, in reporting the action to agents, calls attention to the fact that the general rate level has been decreased substantially in recent years. Although losses have been reduced this has not kept pace in proportion to rate reduction. The expense ratio has also increased. The companies are being called upon for more and more service which naturally increases expense. Then again interest rates on securities have been reduced.

such coverages as are comparable with the stock companies' extended cover contracts and to insure fairground buildings.

Limits co-insurance clause to coverage on real property.

Permits road commissions to insure employees with public funds under group contracts.

Requires posting of bonds by persons or corporations serving as collection agencies.

Oil, Derrick Cover Having High Loss

Rate Competition Due to Lack of Regulation Proves Troublesome

Insurance on oil well rigs or derricks, an unregulated inland marine line without rate control or any formal association, is giving trouble now because of the high loss ratio and the tendency of a number of companies to get the business, no matter how low the rate, apparently in order to secure the allied lines of coverage.

An attempt was made recently by interests in Chicago to secure an informal understanding as to underwriting rules and adequate rates, but this blew up because of the unwillingness of a large company to go along. A Chicago office recently lost a risk with a premium of more than \$15,000 annually to this large company because a \$35,000 loss during the last policy year made it necessary to increase the rate from \$2 to \$2.50. In face of the experience, the competing company quoted a rate of \$1.25 and secured the line.

Low Quotations Are Common

Premium rates as low as 90 cents are known to have been quoted on such business by some companies although, it is reported by underwriters, the loss ratio generally has been well over 100 percent—one underwriter estimating it as being close to 200 percent.

The rate generally quoted by companies anxious to make this line profitable on its own account rarely is under 2 percent and it may run up to 5 or 6 percent in high pressure areas where disastrous fires or destruction or collapse of derricks may result because of the extensive gas pressures released when a well is brought in.

The coverage generally written is fire, windstorm, blowout and cratering. Cratering is a collapse or subsidence of the ground on which the derrick is built which may result following a blowout or due to disturbance of the soil such as in one case where the drill tapped an old mine shaft.

Avoid Southern Illinois Field

Many companies steer clear of oil derricks generally, not only because of the speculative nature of the enterprise, but also the extreme hazard of the operations. Underwriters are little interested in the comparatively new southern Illinois field because of the large proportion of wildcatters to be found there.

Repeal of Ill. Firemen's Wage Bill Fails to Pass

A bill to repeal the Illinois statute which sets minimum wages for firemen in towns from 10,000 to 50,000 population and has caused concern in fire insurance circles, failed of passage by the legislature. The measure was introduced in the hectic last ten days of the session and apparently did not carry enough weight to be considered.

The statute, passed several years ago, established a base pay for firemen in cities from 10,000 to 25,000 at \$150 per month and in cities 25,000 to 50,000 at \$175. This effected considerable hardship on certain towns which had been paying substantially less and operated on close budgets. Notable example was Alton, which laid off nine men at a stroke.

Such action aroused field men who saw impairment of fire fighting ability in the reduction of personnel. Opponents of the repeal measure, however, pointed out that the layoffs usually resulted in the paring of dead wood and actually improved the efficiency of the departments in question.

July 17, 1941

Fear Complications in U. & O. Losses

None to Date, But Fingers Are Crossed: Much Misunderstanding

After a year of direful predictions and worried expectations, no ticklish use and occupancy losses seem to have appeared, but fire insurance men are still betting that there will be one or more before the defense emergency abates. The fear of what a few heavy losses may do to the loss ratio is overbalanced in many cases by the dread of the effect on public opinion should an important case turn out to be inadequately insured through failure to understand the coverage.

The possibility of shutdown lasting more than one year and how to insure against them has been a popular topic of conversation for some time. Currently, there is considerable discussion of the effect of priorities and the settlement of losses where the assured is pinched for raw materials.

Problem Making Rounds

During the past month or so, there has been much discussion over a hypothetical case which illustrates possibilities under present conditions. The origin of the problem is not known, but it probably was asked at an insurance "quiz" session.

The problem recites that an assured carries use and occupancy insurance under the coinsurance form with raw stock coverage. He has on hand sufficient raw stock to operate for 30 days. A fire damages the building and machinery and destroys the raw stock completely. The building and machinery require 60 days to repair and additional raw stock cannot be obtained for six months. The question is, assuming adequate insurance and compliance with the coinsurance clause, for what length of time will the coverage apply.

"Actual Loss Sustained"

Since the use and occupancy form provides for 30 days additional time to replace raw stock, if this coverage is carried, many insurance men have felt that the assured should recover for the 60 days to restore the premises plus 30 days for raw stock, or a total of 90 days. Undoubtedly most assured would feel the same way.

Experienced adjusters, however, point out that the use and occupancy form restricts raw stock coverage to the time during which the destroyed stock would have made operations possible. They also point out that the form restricts recovery to "actual loss sustained." Under the facts as given, the assured, had no fire occurred, could have operated for only 30 days and then would have had to shut down, because he could get no more raw stock for six months. Thus, they argue, the assured has lost only 30 days business and should recover only for this.

Facts May Be Obscure

Observers believe this is a good example of what may confront the business in use and occupancy losses and dread the consequences in cases where the coverage has not been properly explained. Undoubtedly, there are now many assured whose continued operations are imperiled by shortages of raw materials but who carry heavy amounts of use and occupancy insurance against prolonged shutdowns, just as there are others, protected by priorities, who could operate indefinitely, but who are inadequately protected.

To make the potentialities more complicated, it is obvious that in few real cases will the facts be as clear cut as can be assumed in an argument. Just how long the assured might have oper-

Maine, Van Wert Insurers Form Tie

Mutual Fire of Saco, Me., has now been brought into close association with Central Manufacturers Mutual of Van Wert, O. The two companies now have



L. J. PURMORT

a common president, he being L. G. Purmort. Judge C. Wallace Harmon, who was president, now becomes chairman of the Saco company. H. E. Rodgers, at one time deputy insurance commissioner of Maine and later controller of that state, who has been secretary and treasurer of the Saco company for just about a year, remains in that position. G. Cony Weston, who is chairman of the executive council of Maine and is a partner in the Augusta insurance agency of Macomber, Farr & Whitten, was elected vice-president of the Saco company.

Four new directors were elected, they being R. E. Irish, president of Union Mutual Life of Portland, Me.; George M. Williamson, vice-president of Merchants Mutual Casualty of Boston; R. A. Brock, president Associated Mutuals, Inc., New York, and Mr. Purmort.

When Mr. Rodgers became connected with the Saco company he launched a program to improve the company's position by limiting its territory and reducing its underwriting commitments. As of Dec. 31, 1940, the Saco company had assets \$324,947, premium reserve \$211,072, surplus \$99,348. Its premiums written in 1940 were \$292,474 and losses paid \$127,839.

It is understood that the Maine company will continue to be operated from Saco and will not be moved to Van Wert.

ated in any particular case will always be problematical and it is doubtful if any assured will admit, even to himself, that he would have had to shut down for lack of materials had no fire occurred. He will always argue that he could have found a way to continue. When and if the big ticklish use and occupancy loss occurs, observers feel convinced that a compromise unsatisfactory to both sides will be the probable outcome. A lawsuit which will eventually become famous is by no means impossible.

Use and occupancy premiums are not separated in required reports, so no exact indication of their progress is obtainable. Individual companies report, however, that they are going up fast, the increase being split between new lines and increases in old accounts. Nearly all companies are pushing their field men to get these premiums while they can and agents at last have become receptive to these suggestions. Rumors of a change in forms to restrict recovery to one year's shutdown circulate regularly and some underwriters are strongly in favor of such action, though at present this agitation seems to have quieted.

R. R. Martin, U. S. manager of Atlas, is visiting the western department in Chicago this week.

N.F.P.A. 1942 Meeting Is Set for May 11-15

The directors of the National Fire Protection Association at their summer meeting, decided that the 1942 annual meeting of the N. F. P. A. shall be held in Atlantic City, May 11-15 and it was also agreed that the 1943 annual meeting should be held in the west.

Non-Standard Titles Held by Six State Units

The only state associations of local agents which do not carry the "standard" form in their names are as follows:

Montana State Association of Insurance Agents.

New York State Association of Local Agents, Inc.

Oregon Insurance Agents Association.

Utah Fire & Casualty Insurers Association.

Insurance Agents Association of Western Nevada.

Insurers Association of the District of Columbia.

Board of Underwriters of Hawaii.

Auto Rate Hearing in Va.

RICHMOND, VA.—At the conclusion of a two-day hearing this week on application of the Virginia rating bureau for the setting up of a new manual on automobile fire, theft and collision coverage, the state corporation commission continued the case, pending further investigation and the filing of supplemental data.

Gordon Bohannan, counsel for the bureau, explained that rates in the manual had been revised with a view of bringing about a more equitable distribution of the burden among the different classes of risk. W. D. Hall, actuary of the National Automobile Underwriters Association, testified as an expert in regard to the proposed revisions. E. T. DeJarnette, president of the Virginia Association of Insurance Agents, advised the commission that he might offer testimony later to show that the cost of production justifies the commissions which agents are now getting. Felix Hebert, representing Factory Mutual Liability and Automobile Mutual of Providence, said his companies desire to follow the manual, using the valued form of policy without surcharge but would ask deviation if the rates were lowered. Herbert C. Taylor, assistant secretary of Home of New York, was an interested spectator.

New Hampshire Opens New Office

SAN FRANCISCO—Handsome new Pacific Coast offices, arranged to facilitate the handling of business and for greater convenience to local placers were opened at 200 Bush street, Monday by the New Hampshire, Granite State and County Fire Managers George Beanston and Miley Rodgers are inaugurating a new and aggressive development program for the companies on the Pacific Coast.

Home of N. Y. Pays Extra

Home of New York will pay an extra of 20 cents per share in addition to the semi-annual dividend of 60 cents, Aug. 1 to stock of record July 15.

Problems of Defense Risks

The various defense construction projects are creating multiplicity of insurance problems these days. For instance there is an army hospital under construction within the city limits of Springfield, Mo. It is to be completed by Aug. 15 at a value of \$1,250. The agent wrote the policy up as a risk subject to eighth class protection, whereas the rating bureau treated it as a tenth class protection.

R. R. Martin, U. S. manager of Atlas, is visiting the western department in Chicago this week.

Fire Losses Rise Steeply in June

Increase Is 27.8 Percent Over Same Month of 1940

The National Board estimates that fire losses in June took a big jump of 27.8 percent as compared with those in the same month a year ago. It estimates the losses in June of this year at \$24,943,000 as compared with \$19,506,000 in June of 1940.

For the first six months of this year the losses are estimated at \$163,953,000, as compared with \$170,069,480 in the first half year of 1940. That is a decrease of \$16,116,480 or 9.48 percent. The record for each of the first six months of 1941 and 1940 together with the percentage change by month is given in the following table:

	1941	1940	Percent Change
January	\$26,470,000	\$36,260,000	-27
February	26,102,000	34,407,000	-24.1
March	31,471,000	29,788,000	+5.6
April	29,330,000	26,657,000	+10.02
May	25,637,000	23,446,000	+9.64
June	24,943,000	19,506,000	+27.8

California-Nebraska Battle Is Averted

The collision between the insurance departments of California and of Nebraska that threatened for a time to produce spectacular developments has apparently now been settled without pyrotechnics.

The friction developed in connection with an examination of Service Life of Omaha. This was treated by the Nebraska department as a state examination rather than a convention type of audit. Later California sent an examiner to take part in the examination.

The California examiner took a rather critical attitude and the California department accepted his report whereas the Nebraska department accepted the report of its examiner.

Although it is customary to hold a hearing in the state where the company is located, Commissioner Caminetti of California insisted on having the hearing in San Francisco. Insurance Director Fraizer of Nebraska and his chief examiner went there. Testimony was taken and Mr. Caminetti announced that he was still holding with his own examiner and would not renew the license of Service Life in California.

Whereupon Mr. Fraizer let it be known that he intended, under the retaliatory law, not to renew the licenses in Nebraska of Pacific Mutual Life and Occidental Life. Mr. Caminetti then countered with a threat to bar the five or six other Nebraska companies that operate in California.

In view of the fact that Service Life does very little business through agents and operates mainly by mail and radio and because of his disinclination to involve the other innocent Nebraska companies in litigation and possible exclusion, Mr. Fraizer directed the Nebraska department to issue renewals to Pacific Mutual Life and Occidental Life.

Joins Byrnes-McCaffrey Agency

Frank J. Gossinger has joined Byrnes-McCaffrey, Inc., Detroit general insurance agents, as assistant secretary-treasurer. Mr. Gossinger has had 10 years experience in the insurance field. Originally with Johnson & Higgins, he resigned to handle the insurance for the Chrysler Export Corporation and for the past two years has been connected with the D. F. Broderick agency in Detroit.

The Traders & General of Dallas has opened a Louisiana service office at 1136 Canal building, New Orleans, with W. C. McNeill as claims manager.

Some Observations by One Standing Along the Sidelines

By J. T. MALONEY

Assistant Manager "Fire, Casualty & Surety Bulletins"

The hardest job any agent has is to sell his assured on the value and importance of an agent's service. One thing that helps to do this is the practice of one agent who gives his customers a monthly check-up of inventory on all places where contents are insured with the co-insurance provision. It is not difficult to make this check. Once a month the agent goes through the insurance on machinery, makes the necessary deduction for depreciation; i.e., .75 percent per month; the assured's bookkeeper is called in to give the figures for the inventory. If there has been any material change, it is taken care of in the insurance. Moreover, it gives the reason for a contact regularly with a policyholder. The agent has the chance to talk insurance to his client if the time is opportune or if necessity requires any further discussion of insurance on this call. It is another means of cementing the insured to the agent and making it more difficult for competition to get a hold.

The same agent finds opportunity to do many other services for his clients. An instance of this is where he contacted the electrical inspection department of the rating bureau, thereby saving his client some telephone calls and a little bother to get certain information and approval.

* * *

Having stenographers and bookkeepers do private errands and services for heads of an agency increases the cost of operation in a way that is exasperating to the efficient agency manager. It is a temptation to some men, when they have buzzers on their desks, to call clerks for such errands as to purchase a sandwich, get cigarettes, or any other outside-of-regular-work services. The office manager may be faced with a delicate situation but probably it is well for him to follow the example of one who frankly told the offending executive that the girls in the office were not working for that purpose. He recommended that a bus boy be hired at \$10 a week who could sit in a chair at the office and be at his beck and call for private errands, if he felt the need for such services, with his wages charged to the personal account of the man who used him. Then he could literally run the boy's legs off with such duties and the office force could take care of business efficiently and without unnecessary distractions.

* * *

There is something in the work of adjusting fire losses that seems to have an odd effect on some people. The paying out of money for the organization seems to imbue a certain type of adjuster with a distorted idea of his own duties. So spoke two agents at the lunch table when one told about a recent trip to the manager of one of the adjusting offices to straighten out a young adjuster. He was handling a claim for an agent in which a small roof loss was involved on a large building. Instead of settling the loss, the adjuster insisted upon reporting that the building was over-insured. Finally the agent arranged for an interview with the adjuster and the manager of the adjusting office so he could make it plain to the adjuster that his job was to settle the loss. The manager readily agreed. The agent noticed that this particular adjuster has never since been assigned claims for his agency.

* * *

An agent who has done considerable adjusting says that the easiest way to adjust a loss is to let the claimant settle it himself. He cited the instance of a claim for loss of a pair of trousers.

The claimant was a wealthy man but when the agent, after some general conversation, asked him to value the trousers, he remarked that the suit was purchased originally at \$35, that he had had it for a couple of years and that he guessed that \$6 would cover the value of the trousers. Had the agent suggested that the man settle for a similar amount, or implied that the original value of the suit was that, probably there would have been an argument.

"Too often," says this agent, "adjusters, after a time, assume a superior or overbearing attitude toward the claimant, antagonizing him at the outset so that a company may have to pay more out on the damage than if the adjuster followed the maxim 'You can catch more flies with molasses than with vinegar.'"

* * *

Another point suggested by the agent, who had originally started his insurance career as an adjuster, was that all small items should be disposed of first. Then the adjuster can concede everything to the claimant. When they start to talk about the big amounts the claimant will be in a happier frame of mind from having secured his points in the earlier part of the discussion and will be more amenable to suggestions and reductions in values than if the procedure had been reversed and there had been a hot argument or some dispute about the large amount discussed first.

The same agent, when in charge of a large adjustment office, was responsible for the hiring of adjusters. He made it a point to take no man who did not drink occasionally, who did not smoke or who could not go to a ball game and enjoy an afternoon. His reason—any man who does adjusting should be of the type who can relax. If he is too exacting in his disposition or if he is the type who works so hard he cannot become pliable, it will be apparent in his dealings with claimants to the destruction of goodwill for the company whose interests he represents. The same man referred to one of his best investigators that could not be trusted with adjust-

Protection Needed More with Living Costs Up

Editor Porritt of the Travelers in "Protection" calls attention to the fact that increased income taxes and the rising cost of living place an added responsibility on the agent who is dealing with middle class and upper middle class prospects. He asserts that these increased costs are going to make it much more difficult for the man earning between \$2,500 and \$10,000 a year to cushion an uninsured loss out of his own funds. His surplus will be much reduced. Therefore Mr. Porritt says to agents that they should make a resurvey of their clients in this class and point out some of the exposures to which they are subject if they are not insured. In a number of cases it will be found that householders are underinsured so far as contents are concerned both for fire and burglary.

When it comes to automobile insurance he may have personal injury, property damage, fire and theft but not collision or medical reimbursement. A good idea is to stress deductible collision. He should also make an inventory of his accident policies so that he is able to replace at least 80 percent of his income if he is totally disabled. Then he should be shown that his medical reimbursement for himself and family may not be sufficient. An agent that writes life insurance naturally should investigate a client's program in this respect and see what his situation is.

As Mr. Porritt says, "Check over all your client's insurance this time to make certain that he is fully protected. If there are any holes, and in most cases you will find some, talk it over with him and suggest new or additional insurance that he really needs. Point out to him how much more difficult it will be for him to meet unexpected heavy losses out of current income with higher income taxes and higher living cost."

ing, it was discovered, because his attitude when dealing with a claimant was such that it antagonized him because he was overbearing or assumed a superiority because he was paying out some money for the company. An adjuster should be the best goodwill builder any company can have, for he represents insurance in action.



"John, I want you to kick me hard for not buying that automobile insurance when you approached me before."

Job of Good Agent Outlined by Hudson

A comprehensive study of the agent's job in modern times was presented before the Northeast Mississippi Agents Association by H. T. Holland, president Holland & Gates, Inc., Jackson, Miss. Among the points made by Mr. Holland were:

Secure rate analyses on all commercial and special types of risk such as schools, courthouses and manufacturing plants. The assured is entitled to know if any charges in his fire rate may be removed by corrections or changes in his property, Mr. Hudson stated.

Proper Drawing of Forms

Many fire policies could be materially improved by proper drawing of forms. If a competitor delivers a policy with all the proper clauses and permits attached, he can in some cases make the other agent's policies look pretty bad. Something like this recently happened in a large town in Mississippi and caused quite an embarrassing situation. The Delta Association is now preparing a sheet containing all ordinary permits and clauses and is going to have it printed for attachment to all policies it issues on property of any consequence.

Mr. Hudson strongly recommended Lawrence S. Myers' "The Manufacturer and Insurance," published by THE NATIONAL UNDERWRITER COMPANY, as "one of the most important insurance books I have ever read. The F. C. & S. bulletins published by THE NATIONAL UNDERWRITER are worth their weight in gold to any agent. From the bulletins you can learn a great deal of what is being done in other states. This is quite important since sooner or later what has been found necessary in another state will no doubt be found necessary here."

Take an insurance trade journal, and read it, Mr. Hudson suggested. Also take a mutual insurance journal. It is important to know what competitors are doing.

Excess Commissions

A company "buying" business with excess commissions commands little respect from an agent. Usually such companies are unable to earn business by helping build up an agency along proper lines. Too, most of these companies do not stay with the agent through thick and thin. When the going gets tough they run off to greener pastures.

Cut rate companies are in the same category. Some other company can always cut lower.

Careful underwriting so that the agent's business consistently produces a profit will make companies more liberal in their acceptances and enable the agent to place business he would otherwise be unable to. This increase in his facilities will offset the few risks he may have to turn down. Companies will not have to inspect his business so closely.

Leave Poor Risks Alone

"An important and pertinent point in the report to the company on a questionable risk is occupation of assured. Why the daily reports for fire policies have never called for this information I do not understand. All automobile and inland marine daily reports and applications do call for this information practically without exception."

Reserves on Financed Business

"I would be careful about using all my commission on three and five year financed business. Hold a part of the commission in reserve so that if assured fail to meet payments and the policies have to be cancelled you will have no trouble in paying the return commissions."

A great deal of time can be wasted in trying to collect slow pay accounts. Usually they're hard to collect, and involve small amounts. This time could be better spent soliciting and servicing more desirable accounts.

(CONTINUED ON LAST PAGE)

July 17, 1941

OBSERVATIONS

Smaller Concerns' Plight

Some underwriters are watching very carefully the effect of the present artificial stimulation of business due to the elaborate defense program on small manufacturers. Some of these are not able to swing any contracts of moment. They may get a bite from some large concern but they are really not in a position to command much business. Some are engaged in a line where the priority rule will have a marked effect. Underwriters realize it is difficult for a small concern to make readjustments. It has not any great amount of surplus and having geared itself to a certain line of products it is almost confined to them. Some of the small manufacturers are able to swing to some other line but it is expensive.

Not only are these smaller concerns affected by the present situation but underwriters studying them are looking forward as to what may be expected in the future, that is, when the great defense program has been completed how will the smaller enterprises meet the turn of the tide? There is considerable speculation now as to the future of many of these concerns that have been thrifty, have employed a limited amount of men in the community and have been regarded as very desirable business concerns for a locality.

Insurance Equities Held Widely

Inclusion of the name of a leading American fire company among the list of United States corporations, whose bonds or stocks held by British subjects have been ordered sold for the benefit of the British government, is by no means surprising, in that shares of many of the prominent insurance companies of this country, casualty as well as fire, have long been included in the portfolios of investors in all parts of the world.

Need for Protection Shown

A sidelight on the responsibility of the agent in making insurance an instrument of protection from week to week, as it must be in these rapidly moving times, is contained in the story of a plant in the middlewest which does metal pressing work. This firm, which has been having some difficulty keeping out of the red, purchased a metal pressing machine five years ago for \$6,000. The company recently was offered \$50,000 for the equipment, a good deal more than enough to put its balance sheet in the black, as the result of defense activity. There is probably more than one instance of this kind, and one wonders what would happen if the equipment was destroyed by fire, and the company either did not have insurance, or carried only coverage enough to pay the original purchase price.

Liability Precedent

Biblical comment on fire liability is contained in Exodus, XXII, 6: "If fire break out and catch in thorns, so that the stocks of corn or the standing corn or the fields be consumed, therewith he that kindled the fire shall surely make restitution."

Undelivered Lecture

A field man recently visited an agent who had been delinquent in his balance, but who was, on the occasion of each visit from the field man, "catching up" on the amount he was behind.

The field man was pretty much puzzled by the fact that the agent was in arrears at all, since he was a live salesman and had a good income.

On the occasion of this visit, the agent said he couldn't meet the payment on his overdue account. He then suggested that the field man accompany him to a nearby race course and do a

little betting on the ponies. The field man was exasperated. Instead of bawling out the agent at once, however, he decided to go along with him and deliver his advice in the form of an object lesson.

They arrived at the race course, the agent suggested a bet, and it was

placed. The field man had figured out a fine moral lecture to give the agent when they left the track minus whatever money they had bet.

The horses on which the two placed wagers, however, did such a good job that the two walked off with about \$75 profit, and the field man still has his lecture to give.

Examination Answers

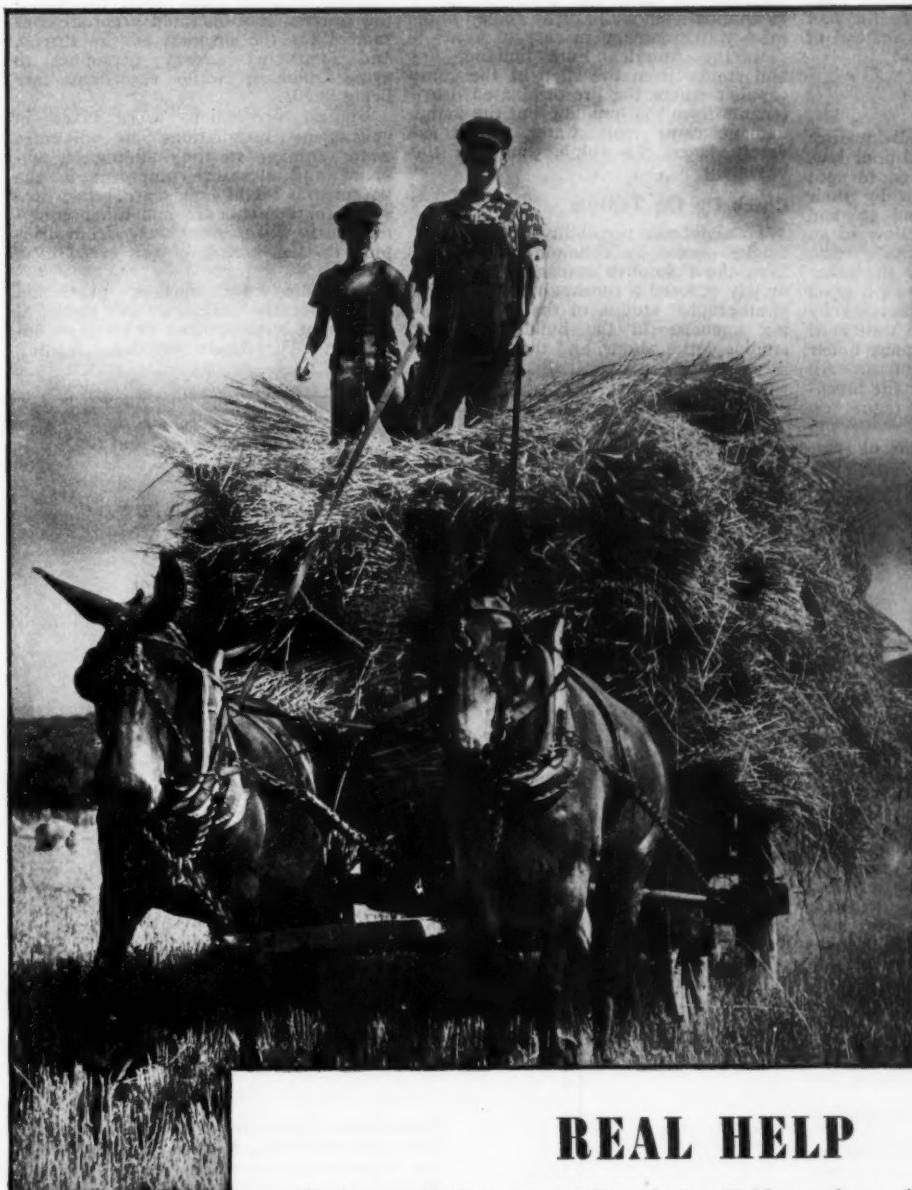
The New York insurance department gives a lot of examinations in a year to applicants for brokers and agents

licenses. Some of the answers as reported by Deputy Superintendent G. H. Jamison are:

Q. What is the difference between a "hostile" fire and a "friendly" fire? A. A "hostile" fire is one that is not started by a friend as an accommodation.

Q. What is a binder? A. A binder is temporary coverage. However, this is a guess. I wonder what it is, too.

Q. What is the difference between the authority of a licensed agent and that of a licensed broker? A. An agent



Armstrong Roberts

REAL HELP

That's a grand picture, isn't it? Typical of our American life. Typical of honest family support and cooperation. Typical also—we think—of the way the Agricultural and the Empire State try to work with all agents in the family.

Perhaps it's because our home office is not under big city pressure—perhaps it's because we know our agents so intimately. But for some reason, we've gained the nickname "Friendly Folks." We are mighty proud of it and we do our level best to deserve it—to live up to it.



Agricultural
Insurance Company
of Watertown, N.Y.

Empire State
Insurance Company
of Watertown, N.Y.

Every Type of Property Insurance for Industry and the Home.

is a specialist in insurance only, while a broker also engages in real estate.

Q. What is the purpose and function of the state insurance fund? A. To enable the state to take care of its needy old people.

Q. What essential records (other than premium records) should an agent keep? What information should they contain? A. The records an agent should keep are—if you know any birthdays or holidays that your customer has an affection for, go to town with them—they come in handy.

Q. Explain briefly "public liability insurance." A. The assured, either a doctor or dentist, seeks protection from claims from the public due to the fact that the assured loses tonsils instead of teeth, etc.

Regimentation

An old-time index of individualism has passed with the wage and hour law. Company executives who used to spot young fellows for promotion by their eagerness to work have had to find other means. One young fellow in an insurance company organization who got down half an hour early the other morning to get a head start on a good day's work was reluctantly advised by his superior that he'd have to wait until the time specified by the company under the wage and hour requirement. All employees move in to work in the morning and out from work at night "on the dot."

"It is just one more example of regimentation in modern times," the executive commented sadly.

List Precautions as to Sabotage

"Arson coupled with explosion is one of the most effective methods of causing destructive sabotage," Joseph F. Gillice, special agent of the arson department of the National Board, told an audience at the proving grounds of Walter Kidde & Co., Bloomfield, N. J. The occasion was a demonstration of carbon dioxide fire extinguishing methods before a group of industrial safety experts, municipal and government officials.

"Every precaution should be taken against the possibility of secreting incendiary or explosive bombs at vital points; throwing them into premises; deliberate setting of delayed fires; substitution of highly flammable fluids for safer liquids used in production; ignition of dangerously flammable materials or liquids stored in or about industrial plants," Mr. Gillice said. "To insure that fire or explosion may be more destructive, the saboteur may try to hinder or lessen the effectiveness of fire fighting facilities.

"Here is a check list of precautions which every plant can take:

"Carefully guard and periodically inspect all stand-pipes, hose and extinguishing equipment, including portable and built-in extinguishers, and sprinkler systems and valves.

"Be vigilant in preventing interference with private alarms and watchman systems.

"Know all you can about your employees. Check carefully the country of birth, racial origin and war sympathies of all employees and applicants; pay attention to habits and associates of all key workers.

"Examine carefully all incoming shipments, and all packages and containers, including lunch boxes.

"Utilize an effective system of plant police and guards, allowing no unauthorized persons to enter the premises.

"Select your plant watchmen from men who are alert, vigorous, and in fine physical shape. It is a serious error in these times to allow superannuated employees to be entrusted with the job.

"Be sure your plant has adequate fire fighting equipment.

"Train key employees in proper use of this equipment."

Extra Precautions Taken to Check Smoke, Water Loss

The necessity of making periodic inspections of office buildings as a fire prevention measure is brought out by a recent survey of the 37-story Palmolive building in Chicago. Stimulated to action by the small fire in the America Fore building in Chicago, which is under the same building management, a checkup was made with particular effort to eliminate smoke hazards and to minimize water damage in case of fire.

In the America Fore building fire and smoke from the shop of the game supplier where the fire originated drove tenants from the building, but the major damage came from water, which severely taxed the single pump in the basement.

Check Up On Tenants

To avoid any possibility of the heavy smoke caused by celluloid and acetate fires, the Palmolive management immediately ordered a thorough check of the photographic studio, of the 15 advertising agencies in the building, of art studios, letter shops, and the valet serv-

ice to locate any possible sources of irritating small fires.

The photographic darkroom was equipped with a fireproof safe for the storage of fresh and developed film. Fluid for alcohol duplicators and stocks of typewriter cleaning fluid in the quarters of two dozen tenants were placed in fireproof cans.

Several of the advertising agencies have equipment for making their own acetate recordings of radio programs. In the recording process the cutting diamond cuts a fine thread of cellulose acetate off the blank records. This fine thread is highly inflammable. To guard against possible small fires, the building ordered foot-operated fireproof containers for the disposal of the thread, and instructed agency personnel to avoid smoking while recordings are being made.

Biggest precautions were taken in permanent installations to minimize water damage to the building switchboard and elevator equipment in the basement. Metal hoods are being provided for switchboard and other equipment that will prevent water from dripping on the wiring in the event of a fire.

Tarpaulins for further protection against water damage to electrical equipment were spotted at strategic locations. Thresholds for doors leading

into the switchboard room were raised and covered with ramps, so that no water dripping from hoses could flow into the electrical equipment unless the level should rise more than four inches.

Original plans for the building had provided for duplicate sump pumps to handle any excessive flow of water in the elevator shafts and the sub-basements. Extra provisions were made for periodic checks of both pumps, and for completely separating the current feeds to these pumps from other circuit-breakers at the main switchboard, so that they would function despite any cutoffs of electricity.

These extra precautions were made to minimize any possibility of disruption of elevator service in an emergency—an important factor in both fire prevention and safety engineering.

Already in force was an annual cleaning of grease from the flues of the kitchens of restaurants in the building, a precaution that has prevented any flue fires in the building's 13-year history, despite the fact that nearby hotels and office-building restaurants have experienced a number of fires over the same period.

The restaurants were asked to install an expensive filtering system in the kitchens that would reduce the amount of grease carried up the flues by approximately 60 percent.



Never keep a man guessing about his insurance. Use The Employers' Group Analysis Plan. It's a professional way of presenting your story. You give your client all the information he needs — his coverages, limits, premiums and expiration dates—complete in an attractive personal portfolio. You show him what insurance he has and what he should have—based upon your analysis of his needs.

Our monthly magazine "The Pioneer" contains many interesting articles showing how effectively the analysis plan works. Send for a copy now of the current issue. Write to The Employers' Group Publicity Dept., 110 Milk St., Boston.

*The Employers'
Group...*



COMPANIES

R. I. Interests Buy Louisville F. & M.

About 95 percent of the stock of Louisville F. & M. has been purchased by a group of men identified with the Rhode Island. That the Louisville company was about to be sold was made known some time ago when stockholders were solicited to deposit their shares.

A group of officers of the Rhode Island were in Louisville the other day completing the arrangements. They included President J. B. White, S. B. Hoppa, a director and underwriting consultant, Secretary Robert C. Weigel and A. T. Coates, southern manager.

E. S. Tachau remains as president of Louisville F. & M., Charles Tachau as vice-president and Lewis Tachau as secretary.

The purchasers announce that the capital, which has been \$50,000, will be increased to \$200,000 and \$150,000 will be contributed to net surplus. As of Dec. 31, 1940, net surplus was \$12,878. The purchasers announce that an additional \$400,000 will be available to Louisville F. & M. when and as it may be needed.

The Louisville company has heretofore confined its business to the city of Louisville but the new owners intend to have it licensed in additional states. Louisville F. & M. has been reinsuring practically all of its business and undoubtedly under the new program the reinsurer will be Rhode Island. The Tachau interests operate an important local agency in Louisville.

Within a short time it is intended to enter Louisville F. & M. in Indiana and Tennessee, and perhaps Illinois. Through the purchase the new interests secure close to \$125,000 in premiums on choice Louisville business, which reportedly was the primary consideration of the buyers. A drive will be made to increase the business, for which purpose an inland marine underwriter and a special agent have been employed to work under the direction of the administrative officers.

Extra Semi-Annual Dividend

Both Continental and Fidelity-Phenix have paid an extra semi-annual dividend of 20 cents in addition to the regular dividend of 80 cents. Such an extra has not been paid in previous years. As of Jan. 1, 1940, these companies paid the regular dividend of 80 cents, plus an extra of 40 cents.

Franklin Fire Pays Extra

In addition to the semi-annual dividend of 50 cents Franklin Fire has declared an extra of 20 cents per share, both payable Aug. 1 to stock of record July 21.

The Eagle Underwriters of Eagle Fire has been licensed in Oregon.

NEW YORK

PINK DECIDES TO TAKE APPEAL

Superintendent Pink has decided to appeal to the court of appeals the decision in favor of Northwestern National of Milwaukee handed down recently by the appellate division of the New York supreme court. The appellate division held that Mr. Pink did not have the right to cancel the license of Northwestern National for paying excess brokerage commission.

INSTITUTE GRADUATES FEWER

Due probably to the draft program, the number of students that took the Insurance Institute course this year and will receive final certificates was less than last year. The number this year

was 352, while last year there were 401 graduates. The largest number of graduates from any state was 109 from New York.

LONDON LLOYDS FUND

"Best's New" states that the American Trust Fund established by London Lloyds for the protection of American "dollar" business is now in excess of \$55,000,000. Approximately 86 percent is in cash. U. S. government bonds and miscellaneous "dollar" securities account for the balance, amounting to 6 and 8 percent respectively. The initial contribution made by London Lloyds was about \$40,000,000. The fund is under the jurisdiction of the City Bank Farmers Trust Co., New York City.

Insurance Stocks Now Eligible

A new law in New Hampshire permits savings banks to invest in the stock of fire insurance companies that are licensed in New Hampshire and which have a total capital stock of not less than \$2,000,000, and which must have been doing business for at least 10 years and have paid a dividend in each of the five years preceding the investment. Stocks must be dividend paying capital issues of senior preference.

If Not, "And/or" Then What, the Question Is

H. P. Schewe of the Duquesne Agency Company, Pittsburgh, contributes to the current discussion of the phrase "and/or" as follows:

"If I had one-tenth the profundity and/or wisdom of the court who pronounced anathema upon this oh-so-harmless phrase, and/or, I would have told the world, at the same time, just what to use in its place.

"To make a long story, the honored court completely overlooks the fact that it was lawyers and/or courts who made this disingenuous, modernistic hybrid (what an awful combination of words—the product of a really 'dull' and 'lazy' brain) phrase necessary. If we wrote a policy, John Doe and Richard Roe Company, one or the other might find himself without coverage unless a claim involved both jointly. If we wrote it, 'John Doe or Richard Roe Company,' our noble pleaders before the bar of justice might say that the policy covers one or the other but would not cover both at the same time—if an action were brought against them jointly.

"It is certainly and/or unquestionably the shortest way of circumventing the

circumlocutions and/or sophistries of the eminent aforesaid lawyers and/or courts, so what!"

Examines Farmers Mutual Re

The Illinois insurance department's examination report on Farmers Mutual Reinsurance, one of the companies of the Illinois Agricultural Association, shows a consistently sound growth in the period of the examination, Dec. 31, 1937, to Dec. 31, 1940, when surplus increased \$579,984. Assets are \$2,299,432, surplus \$1,058,781.

Organized in 1925 to insure local farm mutuals, the company now does about 97 percent of its business direct through 951 agents. It paid 10 percent dividends on direct fire coverage during 1940.

The company, operating in Illinois and Kentucky only, issues fire, wind-storm and hail coverages, the latter on growing crops only. The latter only is assessable.

The company has adequate reinsurance arrangements.

It accepts reinsurance cessions up to \$10,000 on fire and windstorm from the Kentucky Growers Insurance Co.

The Newton (Kan.) Insurance Board held a stag picnic and meeting at Jester Lake. Entertainment was arranged by a committee headed by Edgar Eldredge of the Benfer agency.

Gentlemen....

ARE YOU READY FOR THE QUESTION?

What is CARDOX ...

"READINESS" is one of the insurance salesman's prime qualifications—ready for anything. Since prospects, even policy holders, are asking these days "What's this Cardox?" we are making below a basic statement of facts. This is only the beginning of the story. Read it, and be ready for the question, but also send, as hundreds of insurance men already have, for the Cardox Data File with complete information.

WHAT CARDOX IS . . .

Carbon dioxide is an inert gas; Cardox is that gas in its engineered applications to accidental or incendiary fires, at low temperature in volume as great as needed to overwhelm all combustion instantly. It does so without adding any extinguishment damage to that of the fire. There is nothing to clean up—no delay, in factories, to slow up production.

Cardox is also a corporation, a staff of engineers, a group of factories and, on a national scale, a distribution network for the storage and delivery of the gas (CO₂) in large quantities. Cardox, in one word, is a system which makes loss by fire extremely unlikely.

Cardox Systems store, maintain and release CO₂ as needed on fires at sub-zero temperatures. The released CO₂ absorbs heat at 150 B.T.U. per lb. compared with 50 for CO₂ released at 86° F. The pressure of the gas stored below zero is only about 300 lbs. per sq. in. which permits the use of large thermally insulated A.S.M.E. pressure vessels, equipped with a small, automatic refrigerating unit to offset heat loss. The system with all necessary safety devices has been reported on favorably by Underwriters' Laboratories, Inc. and Assoc. Factory Mutual Insurance Companies.

CARDOX

THE NON-DAMAGING FIRE EXTINGUISHING SYSTEM

CARDOX CORPORATION • BELL BUILDING, CHICAGO, ILLINOIS

NEWS OF FIELD MEN

R. C. Bird Heads Arkansas Pond

At the annual meeting of the Arkansas Blue Goose in Little Rock the following officers were elected:

Robt. C. Bird, Coates & Raines, general agents, most loyal gander; Frank E. Wait, Shepherd & Co., general agents, supervisor; Sam Raines, Coates & Raines, custodian; Walter Plangman, American, guardian; Jack G. McKenzie, National Board, keeper; Roy B. Bentley, Fire Companies Adjustment Bureau, wielder.

At this meeting past most loyal gander pins were presented by Mr. Bird to W. G. Williamson, Meserole group, who has just retired as most loyal gander, and to Vance Martin, Martin & Co., general agents, who served the preceding year.

Two days previously the Arkansas pond held its annual barbecue at the famous farm and ranch owned by Gander Fred D. Watkins near Little Rock. Barbecued chicken and barbecued ribs with all of the trimmings and refreshments were served to more than 50 members and guests. Among the guests were Lewis Robinson, state fire marshal, and Captain Van Zee, formerly with Kansas City F. & M., who now is aide to Maj. Gen. Ralph Truman, commanding officer of Camp Joseph T. Robinson at Little Rock. Major General Truman was formerly with National Board at Kansas City and is a member of Missouri pond.

A. M. Anderson, with Anderson & Newell, general agents, and M. M. Anderson with L. B. Leigh & Co., general agents, officiated in grand style at the barbecue pit. It rained most of the afternoon but because of the excellent time had by everyone there were no complaints about the weather.

New Dubuque Setup in Tex., General Agency Retires

Webb, Mills & Co., Galveston general agency, has retired from the general agency business, following the termination of its contracts with Dubuque Fire & Marine, Great State Underwriters and National Reserve, by mutual agreement. The companies are now handling their Texas business direct with their home office in Dubuque, Ia., and have appointed Harry Mensman and Milton C. Heuerman as state agents, Mr. Mensman with office in Dallas and Mr. Heuerman in San Antonio. Both have been with Webb, Mills & Co.

The Galveston general agency was formerly Moody, Webb & Co. and in 1938 changed its name to Webb, Mills & Co. with these officers: President, T. M. Webb; vice-president, J. B. Mills; secretary, C. E. Wimberly.

Defense Aid Pledged by Northwest Field Groups

PORLAND, ORE.—The semi-annual joint meeting of the western Washington and Oregon divisions of the Special Agents Association of the Pacific Northwest was held in Portland. John E. Meeke, Firemen's Fund, president of the Oregon group, presided at the business meeting.

Battalion Chief Boatright of the Portland fire department spoke on national defense problems and the part played by the fire insurance and fire protection interests. He said that because of their special training and information special agents all over the country are being called upon to aid the various units of the defense organization. The chairman appointed M. C. Farrell, Pacific National Fire; Del Beard, London Assurance, and John E. Meeke, Firemen's Fund, a committee to cooperate with the state defense commission. Frank L. Emerick, retired special agent of Fire-

men's Fund, Seattle, spoke at the banquet. A. J. Snow, assistant manager Oregon Insurance Rating Bureau, won low net in golf and Bruce Beardsley, Oregon special agent, of Home, low gross.

To Chicago for Springfield

L. A. McIntyre, Jr., special agent in Minnesota for Springfield Fire & Marine the past five years, has gone into the western department, Chicago, in the improved risk and brokerage division. He succeeds Frank Fortman, who resigned to enter the local agency business at Orlando, Fla. Mr. McIntyre was in the western department office of Springfield 10 years before going to Minnesota.

Edward H. Byrnes has been transferred from the Nebraska field, where he has been special agent, to Minnesota to replace Mr. McIntyre.

Special Agents for Jackson Firm

Holland & Gates, general agents of American, Jackson, Miss., have appointed David J. Brewer and Rodney P. Gates special agents. Warner Wells, Jr., becomes assistant to President H. T. Holland.

Mr. Brewer has been a partner and active manager of the Barry & Brewer agency, Greenwood, Miss. Mr. Gates has been assistant to the president for the past three years. Mr. Wells has been associated for four years with his father in the Warner Wells Agency at Greenwood.

Coldwell Back in Field

Hugh Coldwell of Wichita, state agent of the Commercial Union group for southern Kansas, has taken over his territory again and is back in the field after nearly nine months of illness following a heart attack last fall. H. J. Schoepple, from the Minnesota field, who has been pinch hitting for Mr. Coldwell, has returned to Minnesota.

Correction in Keck Appointment

It was reported last week that George W. Keck had been appointed state agent for Royal-Liverpool in northwestern Ohio. Mr. Keck is state agent in northeastern Ohio except Cuyahoga county. A. R. Glomstead has been state agent in northwestern Ohio for the past two years.

Ray L. Britt Becomes Bullfrog

New officers of the Dan T. Smith puddle of the Illinois Blue Goose are: Bullfrog, Ray L. Britt, Danville; tadpole, Sumner J. Pierce, Springfield; croaker, John J. Rusco, Aetna Fire, Springfield.

J. J. Cunningham, Indiana special agent of Royal, is the father of a daughter.

CHICAGO

RETIRING CASHIER HONORED

William A. Woodbury, cashier of North America, Chicago, retired after 23 years with the company. He was presented an inscribed wrist watch by the organization and Resident Vice-president W. P. Robertson cited him for his integrity and loyal service. Mr. Woodbury now plans to spend a good deal of time at his country home near Whitehall, Mich.

WORKS ON OPTIONAL POLICY

The Western Underwriters Association is still working on its optional policy form which is intended to reduce the number of policies. It provides one item for fire only or tornado only, one for fire and tornado and one fire and extended coverage. The buyer can thus

Affeld Joins Ade



C. E. AFFELD

The Affeld & Co. agency of Chicago has joined forces with the Charles W. Ade Co. agency in 506 Insurance Exchange building, Chicago. C. Ernest Affeld becomes a partner in the Ade agency. Mr. Affeld has operated a class 1 agency in Chicago since 1915 and in recent years his office has been a unit of the G. A. Mavon Company agency.

select what coverages he desires from the same form. The governing committee is still working on it but it has not been introduced in any state.

Vice-president John Kremer from the head office of the North America was in Chicago Monday, spending the day in the service office there and then going on to Omaha.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, at close of business July 14, 1941.

	Par	Div.	Bid	Asked
Aetna Cas.	10	4.50*	129	135
Aetna Fire	10	1.80*	58	60
Aetna Life	10	1.40*	27 1/2	29 1/2
Amer. Alliance.	10	1.20*	23	24 1/2
Amer. Equitable 5	1.00	20	22	
Amer. Home....	10	5 1/2	6 1/2	
Amer. (N. J.) ...	2.50	.60*	13 1/2	14 1/2
Amer. Surety... 25	2.50	47	49	
Automobile ...	10	1.40*	36	38
Balt. Amer.	2.50	40*	7 1/2	8 1/2
Bankers & Ship. 25	5.00	96	99	
Boston 100	21.00*	608	620	
Camden Fire... 5	1.00	21	22 1/2	
Carolina 10	1.40*	28	30	
Conti. Cas. 5	1.50*	32 1/2	34	
Conti. N. Y. 2.50	2.00*	39 1/2	41 1/2	
Fidelity-Phen. 2.50	2.00*	39 1/2	41 1/2	
Fire Assn. 10	2.50*	66	68	
Firemen (N. J.) 5	.40	9 1/4	10 1/2	
Franklin Fire. 5	1.40*	32	34	
Gen. Reinsur. 5	2.00	42	44	
Georgia Home. 10	1.20*	24	26	
Glens Falls 5	1.60	43	45	
Globe & Repub. 5	.50	10	11	
Gt. Amer. Fire. 5	1.20*	28	29 1/2	
Gt. Amer. Ind. 1	.20	10	12	
Halifax 10	1.00**	10	11	
Hanover Fire. 10	1.20	28	29 1/2	
Hartford Fire. 10	2.50*	90 1/2	94	
Home Fire Sec. 10	..	1 1/4	2	
Home (N. Y.) ... 5	1.60*	33	35	
Ins. Co. of N. A. 10	3.00*	73 1/2	76 1/2	
Maryland Cas. 1	..	2 1/2	3	
Mass. Bonding. 12.50	3.50	65	67	
Mer. (N.Y.) Com. 5	2.00	49	52	
Natl. Cas. 10	1.00	26	28	
Natl. Fire 10	2.00	63	66	
Natl. Liberty... 2	.40	8 1/4	9	
Nat. Un. Fire. 20	5.00*	155	162	
New Amst. Cas. 2	.85	18	19	
New Hampshire 10	1.80*	46 1/2	48	
Northern (N.Y.) 12.50	5.00*	101	105	
North River ... 2.50	1.00	25 1/2	27 1/2	
Ohio Cas. 5	1.20*	38	40	
Phoenix Conn. 10	3.00*	90	93	
Preferred Acci. 5	.80	15	16	
Prov. Wash. 10	1.40*	35	37	
St. Paul F. & M. 62.50	8.00	246	253	
Sprngld. F. & M. 25	4.75*	123	126	
Standard Acci. 10	2.50	50	52	
Travelers 100	16.00	395	415	
U. S. Fire. 4	2.00	51	53	
U. S. F. & G. 2	1.00	23 1/2	24 1/2	

Fire and Windstorm Losses in Midwest Show Increase

Windstorm losses are running heavier in the midwest this year than last. Hardly a week goes by without a storm which produces a substantial number of claims. The average amount is about the same as a year ago, but the number is greater.

The rain and windstorm in Akron, O., and nearby towns last week produced a great deal of damage, but most of it was from rain. Consequently, the insurance loss was extremely small.

One thing that distinguishes this year's experience from 1940 is the lighter general hail claims. While hail damage to growing crops has been larger than in 1940, there has been so far fewer claims for hail damage to buildings, etc.

Fire losses in the middle west show some increase. Here, however, the number of losses is somewhat smaller, but the amount involved average somewhat higher.

Adjusting companies and insurers face what is developing into a real situation. This is the difficulty of getting materials and labor to replace and repair damage caused by windstorm, fire and other hazards. One recent loss involved replacement of a rather large skylight. The galvanized metal used in it was not expected to be at all difficult to replace. Two repair firms stipulated, however, that the firm should get a priorities order before they could proceed with the replacement.

Some wonder whether this situation will result in a number of claims having to be left open, or whether such claims can be settled on a cash basis even though the damage actually is not repaired. In such cases, of course, some temporary protection has to be arranged. Perhaps in some cases the situation will result in use of new materials and new methods of repair and replacement.

Adjusters report they are running less frequently into underinsurance situations created by rising values under the defense program. While they will occasionally come across a building, more rarely a stock of merchandise, that is considerably underinsured, there are fewer of these as time goes along. Apparently the wide publicity given to rising costs has had the effect of putting owners on the alert.

Form Indiana Group on Agents Examinations

INDIANAPOLIS—In the office of the Indiana commissioner, a committee was formed to make up questions and answers to be used by the department in the examination of applicants for agents and solicitors licenses on fire and casualty, marine, health and accident insurance. In Indiana the right to examine is covered in section 212 of the Indiana insurance law of 1935.

On this committee, selected by the kind of insurance companies they represent, are:

Gage McCotter, Grain Dealers National Mutual; Linn Kidd, local agent of Brazil; H. Jos. Wilson, manager Massachusetts Bonding; Ross A. Moore, manager Loyalty group, representing Western Insurance Bureau; C. A. Woerner, Niagara Fire; Gilbert Ryan, Foster & Messick; Russell Moon, state agent Meserole companies; Jos. Stickney, local agent Hammond; John McGurk, manager Mutual Benefit H. & A.; Charles Alkire, general agent for marine insurance companies; James Spurgeon, license supervisor department of insurance; George Wolf, investigator department of insurance.

Mr. Spurgeon was selected chairman, Mr. Kidd vice-chairman and Miss Genevieve McGrath of the department was selected as secretary of the examination committee.

Questions and answers will be submitted and approved by these committee members and used in the examination given.

July 17, 1941

REJECTED RISKS**ANSWERS**

Vice-President Joy Lichtenstein of the Hartford Fire and Hartford Accident & Indemnity in charge of the Pacific department at San Francisco sends the following letter:

"The other evening at home, I was reading the current issue of THE NATIONAL UNDERWRITER and Mrs. Lichtenstein was reading 'Newsweek.' Later she asked me to trade papers with her and I told her that there would not be anything in THE NATIONAL UNDERWRITER that she knew about; but after going through it, she said certainly there is. She said: 'I know Mr. Jainsen very well and I know Mr. Payne Midyette and I know Commissioner Blackall, who has visited us, and lastly, I know Professor Blanchard, who was in this apartment only recently.'

"Moral: Should insurance wives not be given an opportunity to look over the trade journals?"

This urgent letter came to Albert Burger, chief examiner Minnesota insurance department:

Dear sir:

State insurance commissioner
I like to have you give some information pleas. I like to know if the Insurance Company is an anest company. I have tuck out there insurance polisey. And after I tuck out the insurance so many people told me that the Insurance Company is one big humbuck so if you pleas let me hear from you by return mail pleas.

Yours very sinsible,

INSURANCE AGENT'S LAMENT
A fire insurance agent's life is full of strife.
The companies ride his neck like a nagging wife.
When a special agent greets you with a company to place,
He wears an angelic smile clear across his face.
He'll buy you a drink and take you to lunch,
Hand you a nickel cigar that's not good to smoke or to munch;
He will then shake your hand, try to kiss you goodbye,
You may see him within a year, but are more apt to meet him on high.
The board delights in mailing pretty pink slips;
Not the kind that are draped over beautiful hips.
Before mailing they will leer in each others faces,
And say, this is for Kain, ain't it a pip!
The assureds berate you, the additional they won't pay,
To hell with insurance, I'm now on W. P. A.—G. Kain.

G. W. Mercier, Indianapolis, state agent Hanover, contributed the following message. It was sent on a penny postal card to Fred Wunderlich, Aurora, Ind., agent:
"Dear Fred Wonderlick you nrved not mak out my Inchurinch it is Out in March so I am a Chang so dont mak it out"

Install Los Angeles Officers

LOS ANGELES — The California Blue Goose installed these officers: Most loyal gander, K. H. C. Dunbar, Fire Companies Adjustment Bureau; supervisor, Harold Smethurst, Travelers Fire; custodian, L. L. Brown, National Automobile Club; wielder, E. E. Davis, insurance attorney; keeper, A. C. Harris, Aero Aviation Underwriters; guardian, R. D. Misner, New Hampshire Fire.

Jewelry and Fire Floater

Jewelry, watches and furs are insured in an amount equal to 10 percent of the face value of the personal effects floater policy but not exceeding \$100 on any one article. Therefore most agents advise their assured to cover jewelry or furs on a schedule basis with either a jewelry or fur floater.

Question Arises as to Fur Insurance Policy

Question—The writer was very much interested in your article in a recent issue. We quote a sentence from the fourth paragraph, under "Kinds of Prospects":

"The rules prohibit covering furs owned by the furrier under any form of marine policy."

We would appreciate it very much if you would quote the rule that you refer to and its source.

Answer—The statement in the edition that the rules prohibit covering furs owned by a furrier under any form of marine policy is based upon definition No. 9 of the Inland Marine Underwriters Association. We do not have the date of this interpretive definition.

The interpretation reads in full: "Fur stock, i.e., new furs held for sale, belonging to the assured or any subsidiary or affiliate, may not be insured under the above (furriers customers policy) or any other form of marine or inland marine policy while the same are

being stored in the premises of the assured."

We can see that the author of the article in THE NATIONAL UNDERWRITER should have qualified his statement somewhat, since as it appeared it might be interpreted as meaning that a fur coat worn by the furrier's wife could not be covered nor could the furrier cover furs which he has sent out for processing or other purpose under a marine contract. What the author undoubtedly intended to convey, however, was that the stock of furs held by a furrier for sale cannot be insured under a furriers customers contract.

Some Historical Dates

Question—In compiling old data regarding activities of various insurance organizations am very anxious to get the following facts and will appreciate the information if you have it available:

Date of organization of Western Union; date of discontinuance of Western Union; date of organization of Western Insurance Bureau; date of discontinuance of Western Insurance Bureau; date of organization of the conference agreement; date of discontinuance of the conference agreement; date of organization of the Western Underwriters Association; date of organization of the Western Insurance Bureau, Inc.

Answer—The old Western Union was

organized and started Sept. 26, 1879, and discontinued as such Dec. 27, 1929. On the latter date the Western Underwriters Association came into vogue. The Western Insurance Bureau was organized April 3, 1910 as an unincorporated body. It was succeeded by the Western Insurance Bureau, Inc., in January, 1930. The joint conference agreement between the old Western Union and the Western Insurance Bureau was inaugurated July 1, 1912, and was discontinued in the fall of 1924.

Personal Effects Floater

Question—A policyholder inquires whether under the personal effects floater a man's mother, who is living permanently with the family, is included under the contract.

Answer—A wife and unmarried children permanently residing with the policyholder only are included for no additional charge. Any other person who resides permanently with the policyholder can be included with a slight additional premium.

More men fail through ignorance of their strength than through knowledge of their weakness.

Victories are first thought out and then wrought out.

MORE FOR LESS

"More for less" is the watchword of modern American business . . . Insurance agents can do their part by selling their neighbors broader protection and giving them constantly better service . . . A "more for less" program built on the sound principles of protection and service benefits the public, the agent and the company.



**OHIO FARMERS
INSURANCE COMPANY**

Chartered 1848 . . Le Roy, Ohio

EDITORIAL COMMENT

In the Business of Insurance

A PRODUCER was asked the other day whether he was in the insurance business. He replied, "No, I am not in the insurance business but I am in the business of insurance." It might require a little time to define the difference between the "insurance business" and the "business of insurance."

However, what the producer intended to convey was the fact that being in the "business of insurance" meant a certain professional aspect. That is, he considered himself an expert in his line of endeavor. He felt qualified by his experience, knowledge and understanding to be able to diagnose the needs of

a person or business so that there would be adequate and accurate coverage in good companies and that there would be no loopholes in case of loss.

There are a number of people in the "insurance business" who are not diagnosticians and whose service is worth but little, if anything. The master craftsman in insurance is the one who knows his business well, is able to interpret insurance coverage intelligently to clients, has the ability to fit these coverages to their needs. After all there are thousands of people "in the insurance business" but not nearly so many in the "business of insurance."

Building a Real Organization

A RESOURCEFUL and successful executive who has pride in his organization and especially interest in its permanency, as soon as possible gets it in shape so that whatever happens to him or anyone else, the machinery goes on just the same. If an executive does not build his organization in a way that it will not be jolted when he leaves the picture he is far from successful. While he is on the job the machinery runs easily and without friction. If, however, he leaves the engine room and no one else is capable of operating, then the organization is in a bad plight.

One of the chief duties of an executive should be to develop an organization that will be so efficient that it can move along regardless of who departs from the ranks. Sometimes an executive is so narrow in his vision that he feels that he cannot pass responsibility along but he must do a tremendous amount of detail himself. He does not build a

strong organization in this way. Every once in a while the top executive should give his organization a chance so that he can see how the wheels go around. If in his absence there are signs of weakness then he should at once strengthen those parts that give evidence of weakness. The worst thing that can befall an enterprise is a serious deterioration that ensues when any one man leaves the scene. There should be constantly brought into it new blood.

As one executive put it the other day, "We are always anxious to bring into our force young fellows of presidential timber." A perfect organization is one that moves along with smoothness and exactness because all along the way it is manned by experienced people. Many executives take pride in the fact that they can fill any vacancy regardless of how far up the ladder it is from their own ranks. That is a situation devoutly to be desired.

Getting at the Grass Roots

THE other day THE NATIONAL UNDERWRITER received a confidential letter from a young man in which he frankly expressed his own views as to his position and inquired of us as to whether we considered his view incorrect. He is 24 years of age, graduated from college, had had no previous business experience, comes from a splendid family, is not afraid to work and gives promise of developing into something worth while.

He stated that he had entered the employ of an insurance office two years previously and had not gotten very far. He felt that with his education and training he should have advanced to a

higher position. He declared that his duties were largely elemental and not such as to fasten his interest to them. He felt that he was becoming stale and he longed for some line of work that would be congenial and more inspiring.

We often find young men in a state of mind similar to our young friend who addressed us. Usually a college bred man gets uneasy because he feels that he is not being advanced more rapidly. It is our opinion that a young man of 23 or 24 years of age can well afford to do so called apprentice work for at least three years. That is, he should deal only with what might be called hack work, more or less menial

operations, something that does not require much mental effort. However, in this process even if he is more or less of a glorified office boy he is learning the business from the grass roots. He is becoming imbued with the fundamentals. It is highly necessary for a man entering any kind of business to know it from the ground floor. He should not become discouraged if he is given a chance to saturate himself with the primary functions. A beginner needs to know things elemental. The way to enter any business is to start at the bottom of the ladder and gradually work upward.

We have seen cases where a man has been started several rungs from the

bottom. He has not been educated in the fundamentals. Thus he is handicapped all his life because he started too high up. It is highly necessary for business success to know the ABC's and so-called "reading, writing and arithmetic" come in mighty handy to one on the higher rungs. When one is thoroughly grounded in the primary functions and the elementals he moves much more rapidly when he does start upward. A young man laboring at the bottom should not allow himself to become stale but he should glory in the fact that he is working on the foundation and that needs to be strong. The apprenticeship years are highly necessary and point the way to years after.

PERSONAL SIDE OF THE BUSINESS

Hoyt F. Paxton, comptroller of Fred S. James & Co., Chicago, has been elected secretary of the Men's Garden Clubs of America. Mr. Hoyt, who lives in Elmhurst, Ill., served for the past two years as president.

Stuart G. Thompson, president of Stuart G. Thompson-Elwell Co., Seattle general agency, has just completed a circuit tour of the nation's defense centers. The reason is three-fold. His three sons are serving Uncle Sam in each of the three branches of the nation's armed forces.

Stuart G. Thompson, Jr., is in the army and is stationed at Cheyenne, Wyo.; Bob Thompson is in the navy at Seattle and Don Thompson is in the air corps at San Antonio, Tex. Mr. Thompson, Sr., has spent the past two weeks visiting his sons. He went to San Antonio to see Don receive his wings and then went on to Cheyenne to spend a few days with Stuart, Jr. On returning home he was greeted by Bob, who was in Seattle. To round out the All-American lineup, Mr. Thompson, Sr., does his turn for Uncle Sam by serving as chairman of draft board No. 6.

Mr. and Mrs. L. E. Hillemeyer of Lexington, Ky., have issued invitations to the marriage of their daughter, Anna Bain, to **William Thomas Earls** of Cincinnati, Aug. 2 at 11 o'clock in St. Paul's Church. Mr. Earls is Cincinnati general agent of the Connecticut Mutual Life. His father is William A. Earls, well known local agent of Cincinnati. His twin brother is Thomas William Earls, vice-president of the Earls-Blain Agency of Cincinnati, of which his father is president. Another son, John B. Earls, is treasurer of the agency.

Harry M. Gambrel of the Gambrel-Stubbs agency, Kansas City, a member of the executive committee of the Insurance Agents Association there, has been appointed a member of the Kansas City police board by Governor Donnell of Missouri. His term runs to 1945. Mr. Gambrel has long been active in American Legion and Republican political activities in Missouri and Kansas City.

Gen. E. E. Goodwyn, local agent in Emporia, Va., and Miss Elizabeth Lucille Grigg of that town were married last week. Several months ago he was ap-

pointed by Governor Price to organize and command the Virginia Protective Force. Since then he has been spending most of his time in Richmond with this work. He is past president of the Virginia Association of Insurance Agents and is a world war veteran, having served overseas as a regimental commander. Since the war he has been active in the reserve corps, commanding the 318th Virginia regiment.

H. V. Godbold, Richmond, Va., local agent, and Mrs. Godbold will celebrate their 34th wedding anniversary July 20, which is also his 69th birthday. Mr. Godbold has completed 46 years in insurance. He started in Atlanta in 1895 with the old general agency of Haas & Watson.

Miss Elizabeth Wheeler, daughter of **Lloyd T. Wheeler**, manager of the Southeastern Underwriters Association, will be married to John P. Winchester July 25 at All Saints Episcopal church in Atlanta.

Robert McKee, auditor of State Automobile and former chief examiner in the fire and casualty division of the Iowa department, made a remarkable comeback showing in the Iowa amateur golf tournament. Mr. McKee, who was medalist in the tournament 25 years ago and four times state champion, entered the meet again this year and fired a record-breaking round of golf to win medalist honors. He continued in the tournament to the quarter-final round before dropping out.

Col. and Mrs. Vernon D. Rooks are the parents of a daughter, Kathryn Blythe. The colonel is assistant director of insurance of Kentucky. This is the second daughter in the family. The first, Mary Presley, is two years old.

Gus J. Daseke, Indiana state agent of Phoenix of Hartford, has joined the order of grandfathers, an eight-pound baby girl having arrived in the home of Mr. Daseke's daughter, Mrs. Howard Meyer. Mr. Daseke believes he is the youngest grandfather in the Indiana field.

John H. Burns, Jr., managing officer of the Harris-Burns Investment Company, local agency of Wichita, has been elected a director of the Western Light & Telephone Company. Holmes Meade, head of the Meade Investment

THE NATIONAL UNDERWRITER

PUBLISHED
EVERY THURSDAY

Published by THE NATIONAL UNDERWRITER CO., Chicago, Cincinnati, New York. PUBLICATION OFFICE, 175 W. Jackson Blvd., CHICAGO. Telephone Wabash 2704

EDITORIAL DEPT.: C. M. Cartwright, Editor. Levering Cartwright, Managing Editor. News Editors: F. A. Post, C. D. Spencer. Associate Editors: D. R. Schilling, J. C. O'Connor, Kenneth Force.

BUSINESS DEPT.: John F. Wohlgemuth, President. H. J. Burridge, Vice-President and Secretary. John Z. Herschede, Treasurer. W. A. Scanlon, G. C. Roeding, O. E. Schwartz, Associate Managers.



CINCINNATI OFFICE—420 E. Fourth St. Tel. Park 2140. L. H. Martin, Abner Thorp, Jr., and C. C. Crocker, Vice-Presidents.

NEW YORK OFFICE—123 William St., Tel. Bookman 3-2958. Editorial Dept.—G. A. Watson and R. B. Mitchell, Associate Editors. Business Dept.—N. V. Paul, Vice-Pres.; J. T. Curtin and W. J. Smyth, Resident Managers.

ATLANTA, GA., OFFICE—560 Trust Company of Georgia Bldg., Tel. Walnut 5567. W. M. Christensen, Resident Manager.

BOSTON OFFICE—94 Park Square Bldg., Telephone Hubbard 8696. R. E. Richman, Vice-President.

CANADIAN BRANCH—Toronto, Ont., 86 Adelaide St. East, Tel. Waverley 7988.

DALLAS OFFICE—809 Wilson Bldg., Tel. Central 7814. Fred B. Humphrey, Resident Manager.

DES MOINES OFFICE—2825 Grand Ave., Tel. 4-2498. R. J. Chapman, Resident Manager.

DETROIT OFFICE—1015 Transportation Bldg., Tel. Randolph 3994. A. J. Edwards, Resident Manager.

MINNEAPOLIS OFFICE—500 Northwestern Bank Bldg., Tel. Geneva 1200. R. W. Landstrom, Resident Manager.

PHILADELPHIA OFFICE—1127-123 S. Broad Street, Telephone Pennypacker 3706. E. H. Fredrikson, Resident Manager.

SAN FRANCISCO OFFICE—507-8-9 Flatiron Bldg., Tel. EXbrook 3054. F. W. Bland, Res. Mgr.; Miss A. V. Bowyer, Pacific Coast Editor.

Subscription Price \$4.00 a year (Canada \$5.00). Single Copies, 20 cents. In Combination with Life Insurance Edition, \$5.50 a year (Canada \$7.50). Entered as Second-class Matter April 25, 1931, at Post Office at Chicago, Ill., Under Act, March 3, 1879.

July 17, 1941

Company agency of Topeka, is also a director of Western Light & Telephone.

Benjamin Auerbach, member of Associated Agencies, Chicago, last week celebrated his 82nd birthday. His 65 years in insurance is a remarkable span, covering an important period in the history of insurance. Mr. Auerbach is secretary of Underwriters Adjusting.

H. A. Kern, assistant secretary Central Manufacturers Mutual at the home office at Van Wert, O., and Mrs. Marion Wilson Haynie were married at Columbus recently. Mr. Kern is in charge of agency work for Central Manufacturers and is one of the best known and most popular executives in the company.

S. M. Buck, vice-president and western manager of Great American, is pursuing the muskellunge through the waters of Lake-of-the-Woods in Canada this month. He is in company with his brother from Austin, Tex.

President **Fred A. Hubbard** and Vice-president and Western Manager **W. K. Maxwell** of the Hanover Fire are on a July fishing trip in the Lake of the Woods region and are acting as piscatorial consultants for Mr. Buck.

DEATHS

Mrs. Mary Jochen, mother of B. A. Jochen, assistant U. S. manager of Eagle Star, died at her home in Toledo following an extended illness.

Ralph Stettler, 46, until recently assistant secretary in charge of claims for the Central Manufacturers Mutual, Van Wert, O., ended his life there.

Byron Boyd, 76, local agent in Augusta, Me., and secretary of state of Maine 1895-1905, died at his home in Augusta. He had been most active in politics.

Fred Hoffman, 73, who had been in the middle western field for more than 50 years, and who retired Jan. 1 this year as Missouri state agent for Firemen's, died at his home in Sedalia, Mo. Sedalia was Mr. Hoffman's home town, and he always had headquarters there. Attending the funeral in Sedalia were W. E. Wollaeger, president Concordia, Milwaukee, and W. B. Alaback, second vice-president of Firemen's, Chicago.

Mr. Hoffman, who was succeeded by Robert Schmidt, son of Herman A. Schmidt, vice-president of Northwestern National, this year, had been in ill health for some time. He was dean of

FIELD MAN AVAILABLE

Employed fire-casualty fieldman knowing stock and mutual methods, large special hazard experience, fine education, habits, character, over draft age, married, wants opportunity equal to his ability. Address N-73, The National Underwriter, 175 W. Jackson Blvd., Chicago, Illinois.

INLAND MARINE MAN AVAILABLE

THIRTEEN YEARS THOROUGH EXPERIENCE. HAVE TRAVELED ILL., IND., MICH. & WIS. PREFER TO HEADQUARTER CHICAGO. EXCELLENT REFERENCES. ADDRESS N-76, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

WANTED

Fire Protection Engineer, not over 35, Analytic Rating and some Sprinkler Protection experience for limited Indiana inspection work and underwriting training. Need personality and initiative. Give salary expected and previous experience. Address N-75, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

MICHIGAN FIELD MAN

Wanted by old, established company. Must be aggressive young man, experienced and with a realization of the opportunities for business building in Michigan. Replies will be kept confidential. Address N-70, The National Underwriter, 175 W. Jackson Blvd., Chicago, Illinois.

Missouri field men and had taken an active part in organization work throughout his long career. His association with Firemen's began in 1912 when he was appointed state agent for Kansas and Missouri.

Clarence W. Glover, 46, attorney for American Mutual Alliance in Chicago, died at Rochester, Minn., following an operation for removal of a tumor. He had been with American Mutual Alliance since 1930, serving as a tax specialist and as legal adviser to county mutuals. He had a prominent part in drawing up the standard farm mutual policy and spoke at many state meetings of farm mutuals. A native of Illinois, Mr. Glover graduated from the University of Illinois and served in Italy with the ambulance corps in 1917-18. Following the war, he was connected with the law firm of Ekern, Meyers & Janisch, later Ekern & Meyers, until he joined American Mutual Alliance. He lived in Lake Bluff, Ill.

John E. Kraft, 76, local agent at Orrville, O., died there.

G. J. Manuel, 72, local agent in Lincoln, Neb., is dead.

John J. Golden, local agent of Belleville, N. J., died suddenly at his home.

R. K. Tindall, 45, representing Aetna Life companies in Excelsior Springs, Mo., died there.

C. C. Gardner, 61, in the insurance business in Austin, Tex., for a number of years, died at an Austin hospital.

CALLED TO SERVICE

W. D. Walter, personnel manager at the head office of the Buckeye Union Casualty underwriting department, has been called into service with the rank of captain. He has been an officer in the army air corps reserves since 1918. He is now in command of an air corps detachment at Lunken airport, Cincinnati.

L. W. Sweetser, Jr., Los Angeles, manager of Associated Aviation Underwriters, has been ordered to active duty in the army as a captain in the air corps reserve, and will report to Washington, D. C., for assignment. J. H. Chapman, who has been assistant manager, has been named temporary manager of the office.

Sanford A. Carroll, department manager of the Aetna Life in Buffalo, has been promoted from captain to major with the 174th infantry at Fort Dix. He is the regimental supply officer.

Gordon C. Welshons, for several years manager of the Stillwater Insurance Agency, Stillwater, Minn., until he went into military service last fall, has been promoted from captain to major in the 34th division.

Five adjusters on the staff of Western Adjustment have been inducted in the army. They are: J. H. Fisher, Evansville, Ind.; T. W. Cummings, Springfield, Ill.; H. L. Larson, Sioux Falls, S. D.; George S. Patterson, Middleboro, Ky., and J. O. Wiggin, Chicago.

Maj. J. J. Donahue, formerly branch manager at Rockford, Ill., for Western Adjustment, has been transferred from Ft. Sill, Okla., to Ft. Leavenworth where he is attending a general staff school.

William Cowgill, accountant at the home office of Millers National, Chicago, has reported to the draft induction center at Fort Sheridan, Ill.

A. M. Olsen of the Tinklepaugh & Lind agency, Kansas City, Kan., has joined an infantry unit at Camp Robinson, Ark., as lieutenant.

B. P. Carter, Jr., Virginia special agent for B. P. Carter, manager Virginia-Carolina department, Richmond, has resigned his commission as lieutenant in the officers reserve corps and has volunteered and been accepted in the army air corps as a flying cadet. He has gone to the Spartan School of Aeronautics, Tulsa, Okla., for preliminary training. He was already a licensed pilot. Carter was graduated from the Virginia Military Institute several years ago. He

Convention Dates

- July 23-25, Mississippi agents' school, Jackson.
 July 24-25, Insurance School of the South Carolina Association of Insurance Agents, University of South Carolina, Columbia.
 July 25-26, Upper Peninsula Agents, Ironwood, Mich.
 July 28-30, Federation of Insurance Counsel, Saranac Inn, N. Y.
 Aug. 11-12, Washington Agents, Tacoma, Winthrop Hotel.
 Aug. 14-15, Oregon Agents, Portland, Multnomah Hotel.
 Aug. 17-18, Idaho Association of Insurance Agents, Idaho Falls.
 Aug. 26-28, Blue Goose grand nest, Asheville, N. C.
 Sept. 3-5, International Association of Insurance Counsel, White Sulphur Springs, W. Va., Greenbrier hotel.
 Sept. 8-9, Insurance Advertising Conference, Hershey, Pa., Hotel Hershey.
 Sept. 8-10, International Claim Association, Atlantic City, Ambassador Hotel.
 Sept. 9-10, Iowa Agents, Cedar Rapids, Montrose Hotel.
 Sept. 11-12, Michigan Agents, Grand Rapids, Hotel Pantlind.
 Sept. 11-13, Minnesota agents, Kahler Hotel, Rochester.
 Sept. 15-16, Montana agents, Billings.
 Sept. 15-17, Pennsylvania Association

spent a year in the home office of the National of Hartford before entering field work for his father's office in Richmond.

of Insurance Agents, Shawnee-on-Delaware, Shawnee Country Club.

Sept. 16, Vermont Agents, Woodstock Inn, Woodstock, Vt.

Sept. 16-17, Western Underwriters Association, White Sulphur Springs, W. Va., Greenbrier Hotel.

Sept. 19-20, Wyoming agents, Casper, of New York, Rochester.

Sept. 25-26, Wisconsin Agents, Milwaukee, Hotel Schroeder.

Sept. 24-26, Kansas agents, Salina.

Sept. 24-26, New Jersey Agents, Asbury Park, Berkeley-Carteret Hotel.

Oct. 3-4, Colorado agents, Denver, Shirley-Savoy Hotel.

Oct. 6-9, Joint casualty convention, White Sulphur Springs, Greenbrier Hotel.

Oct. 6-10, National Safety Congress, Chicago, Stevens Hotel.

Oct. 13-16, National Association of Insurance Agents, Kansas City, Municipal Hotel.

Oct. 13-16, Missouri Association of Insurance Agents, Kansas City, in conjunction with National association.

Oct. 16-17, Ontario agents, Toronto, Royal York Hotel.

Oct. 20-22, Ohio Agents annual meeting, Hotel Secor, Toledo.

Oct. 27-29, National Association of Mutual Insurance Agents, Pinehurst, N. C.

Oct. 31, New Hampshire agents, Carpenter Hotel, Manchester.

Nov. 3-6, National Association of Mutual Insurance Companies and Federation of Mutual Fire Insurance Companies, Los Angeles.

Nov. 10-12, California Agents, Sacramento.

Dec. 8-10, National Association of Insurance Commissioners, mid-winter meeting, New York, Hotel Pennsylvania.



X Marks the SPOT

where payroll robbery insurance was needed. An item in the daily paper describing a hold-up must necessarily interest other concerns in the neighborhood, and often brings about the thought that "this might have happened to me!"

Phoenix-London agents make the most of such opportunities to sell hold-up insurance. Many agents materially increase their business in this manner—a two-fold increase, since these new assureds are open to solicitation for other forms of Phoenix-London coverages.

PHOENIX-LONDON Group

55 FIFTH AVENUE,

Phenix Assurance Co., Ltd

Imperial Assurance Company

Columbia Insurance Company

United Firemen's Insurance Co.



NEW YORK CITY

The Union Marine & General

Insurance Co., Ltd.

London Guarantee & Accident

Co., Ltd.

Phenix Indemnity Company

EMPLOYERS REINSURANCE CORPORATION

HOWARD FLAGG . . . PRESIDENT

REINSURANCE OF CASUALTY, FIDELITY AND SURETY

HOME OFFICE—KANSAS CITY, MISSOURI
BRANCH OFFICES — NEW YORK — CHICAGO — LOS ANGELES — SAN FRANCISCO

The NATIONAL UNDERWRITER

July 17, 1941

CASUALTY AND SURETY SECTION

Page Thirteen

Suburban Rate Distinction Causes Much Debate

Bureau Pursues New Theory—Action in Chicago Was Big Surprise

The substantial reduction that was made by the National Bureau of Casualty & Surety Underwriters in Chicago suburban auto P.L. and P.D. rates has caused a great deal of excitement in the Chicago insurance territory. It was almost entirely unexpected, inasmuch as the common observation has been that the automobile insurance experience has been deteriorating, particularly since the first of the year and the automobile P.D. experience has been especially unfavorable. It had been rather generally anticipated that the bureau would not come out with an increase in rates this year but it was not expected that there would be a decrease. Two of the big independent companies in the Chicago area, as a matter of fact, had just put into effect a rate increase of about 5 percent, they being American Automobile and Continental Casualty. Several of the other non-bureau institutions were on the point of filing rate increases when the bureau's rate reduction filing became known.

Non-Bureau Reaction

The non-bureau people were obviously non plussed by the bureau's rate reduction program. They were disagreeably surprised. After a few days of stowing, most of them bowed to the inevitable and made filings corresponding to that of the bureau.

The bureau's action in reducing suburban rates in Chicago and in St. Louis and Kansas City produced a lot of discussion on the general question of whether there is indeed a difference in exposure as between risks in a city proper and the territory suburban to it. A number of the independent companies apparently have felt that suburban business is decidedly better than that of the city proper, because several of these companies have pressed strongly for suburban business and at rates much lower than the bureau scale and these companies either kept out of the city proper field entirely or have written in the city proper very gingerly. Those who criticized the fact that the bureau has made a distinction between city proper and suburban express the belief that the suburban exposure as a matter of fact is no less than that in the city; that a great many of the suburban cars are driven downtown each day and face practically the same hazards as do cars that are garaged in the city.

Others, however, profess to see a difference. Although it is true that a good many of the suburban cars are driven downtown regularly there are a large

Tips to Auditors on Comprehensive

Atwell, Vogel & Sterling Instructions to Men on Job Hold Interest

The firm of Atwell, Vogel & Sterling that specializes in auditing work for insurance companies has done a great deal of auditing work in connection with comprehensive general liability and automobile policies especially on the Pacific Coast where such contracts have been sold for several years on a rather widespread scale. Hence they have developed considerable familiarity with the line and the various problems that are involved. They are doing the same type of work in other parts of the country and are called upon to make preliminary surveys at the time the business is written. They have prepared a standard set of suggestions for their auditors which are reproduced herewith:

Have you checked the following items?

Determine first the territory in which you are auditing. This will enable you to eliminate or consider certain exclusions or factors in connection with current policies. It will also help you to determine whether automobile coverage is granted.)

1. Payroll under manufacturers' or contractors' P. L.
2. Class 1 and Class 2 employees under non-ownership.
3. Cost of work under owners' and contractors' protective.
4. Gross sales, number of fillings, etc., under products liability.
5. Number of teams.
6. Number of bicycles.
7. List of trucks owned and licensed; also trailers, amount expended per hired truck; number of motorcycles.
8. List of properties owned, leased, or rented; location and use, area and frontage if assured's interest and use qualify them for O. L. & T. coverage.
9. List of all contracts, automatically covered and any endorsed on to policy with important clauses outlined.
10. Number and kind of elevators on the premises with type of interlocks and car gate contacts.
11. All unknown hazards such as athletic teams, vending machines, exhibits, signs, etc.
12. List of current policies, of expiration dates, whether renewed, policy limits, etc.
13. Note company's special requirements as they differ from general instructions.
14. Check to see if assured has recently disposed of any property or acquired any, and the date of same.

number that are not driven extensively and are used mainly by the housewife in doing her community shopping. Then again insofar as the Chicago situation is concerned, the point is made that in the suburban communities there is a prohibition against parking the cars on the street all night without lights, whereas in Chicago proper this is permitted and the streets particularly in the congested apartment house districts are lined on

(CONTINUED ON PAGE 20)

Social Security Data Aid Auditors

Increase Accuracy of Reports 25 Percent on Small Insured

Social security and state unemployment insurance records are proving to be of great help to compensation payroll auditors, especially since the social security act was revised to include those over 65. Among the smaller employers, especially contractors, who are inclined to keep inadequate books, recourse to social security records has increased the accuracy of audits about 25 percent.

Although original payroll records still have to be checked closely for classifications, auditors are able to use the social security records for checking or verifying total payrolls. Social security reports require total salary reports as well as taxable salary so that they provide a complete record. Employers who didn't hesitate about trying to slip one over on the insurance company have a deep respect for the federal government records and they are not taking any chances of getting into trouble with incomplete social security reports. Although there are some employers who still do not realize that the payroll auditor can detect payroll report shortages by referring to the social security records, the major effect of the availability of the records is to deter falsifying payroll records and to provide more accurate reports.

Careless About Records

Many times offending contractors have not been particularly dishonest about payroll reports but just careless and inefficient. Some of them used to go to the extreme of using check stubs as their only records.

A check-up on social security records enables an auditor to catch payments to temporary employees who are sometimes not carried on the regular payroll list and paid out of petty cash.

A few employers object to giving auditors access to social security records on grounds that they are government reports. If an employer is extremely reluctant about revealing such records, the auditor is on the alert for discrepancies.

Dispute Over Salesmen

There is still some dispute on the status of multiple line salesmen who work for more than one jobber or manufacturer and are not carried on the social security rolls. It is hard for the auditors to apply hard and fast rules to such cases and particular circumstances have to be considered.

There have been a few cases where social security payments have not been made by insured. In one case after government investigators had gotten on to the case, the insurer was able to collect several hundred dollars in back premiums in light of the new data.

With payrolls 35 percent ahead of last year and employment up 18 percent payroll auditors are busy these days. Among insured with large payrolls or among hazardous occupations some companies are requiring quarterly rather than annual audits.

Sees Threat to Normal Business in Big Line Formula

Fetzer Gives Warning in Connection with Graduated Expense Issue

The National Association of Insurance Agents has prepared for general distribution copies of a letter from Wade Fetzer, president of W. A. Alexander & Co., Chicago, to Frank A. Christensen,



WADE FETZER

executive vice-president of the America Fore companies, on the subject of graduated commissions. Mr. Christensen is chairman of the company committee that is studying the graduated commission question and Mr. Fetzer is a member of the committee of the National Association of Casualty & Surety Agents that is conferring with companies in the study.

Mr. Fetzer takes the position that the business should not be swept off its feet by reason of the radical principles that are involved in the insurance for the huge war department contracts: that care should be exercised to avoid jeopardizing the run of the mine insurance business through straining to provide formulas to take care of the very large risks. Mr. Fetzer's letter is given here-with:

"I have had a number of personal letters and messages from individuals who were present at our recent company agency meeting at the Pennsylvania Hotel in New York.

Cites Booklet on Milk

"By a strange coincidence a booklet from the Borden Company dated June 20, 1941, with the title 'Costs in Milk' came to my attention. The facts which it sets forth are, it seems to me, most

(CONTINUED ON PAGE 20)

Can Sue Federal Agents for Damages

Minnesota Court So Rules in Case Against FHA Administrator

ST. PAUL—The Minnesota supreme court has ruled that a federal agent can be sued for damages.

In the case of Zins vs. Justus and McDonald, the court reversed a lower court which held that Stewart McDonald, an administrator for the Federal Housing Administration, could not be made a party to a suit for damages because he was a government agent.

State courts have held and the U. S. Supreme Court has upheld the opinion that federal agencies are not immune from lawsuits; the HOLC, for instance, if they perform a business and not strictly a governmental function.

The Minnesota court points out that the present suit is not against the United States as such. It is against an agent of the government in his official capacity as an employee of the federal agency for a tort committed by the employee in the course of his employment and in the furtherance of his master's business. The sovereign immunity of the United States does not extend to its agents, individual or corporate, the court ruled.

The court held also that when Congress created the FHA and launched it in the commercial field, it did not intend to immunize it, its administrator and the latter's agents and employees from suits for torts. If it had had such intention, it could and no doubt would have so indicated by direct provision.

It is rather unusual that an agent rather than the agency should be sued, inasmuch as ordinarily the injured party might hope to collect more readily from the agency than the agent, if damages were shown and responsibility fixed.

The federal government now has so many agencies whose activities are business rather than governmental that this type of damage suit can be expected to increase rather than decrease as time goes on. Whether enough such units would lead government to establish an insurance fund or purchase coverage remains a question.

Illinois Medical Payments Rate Schedule Revised

A new rate schedule for automobile medical payments coverage has been put into effect in Illinois. It quotes a flat premium for this coverage for each territory, depending on the limit of liability and whether the named assured is included or excluded. The old schedule, still in force in other states, varied with the \$5/10,000 bodily injury liability premium for the assured's car.

There have been some increases in the new Illinois table, particularly for higher limits of insurance and with the named assured covered, but in general the new schedule will work out approximately the same as before. Since the new schedule does not vary with the assured's liability premium, those with class A-1 ratings will pay a slightly higher medical payments charge in some cases and those in class B slightly less. Assured in Chicago suburbs affected by the recent rate reduction there can also get medical payments at considerably less.

The medical payments change was announced in the postcard from the National Bureau of Casualty & Surety Underwriters officially announcing the new territorial schedule.

Iowa Law Changes Set Forth

The independent adjusting firm of Lambach, Kopf & Berger of Davenport, Ia., is distributing cards upon which appear the amendments to the Iowa motor vehicle laws that became effective July 4. This appears in very convenient form.

Driver, Not Car, Should Be Covered

TUSCALOOSA, ALA.—Insurance of automobile drivers, rather than their automobiles, against personal liability and property damage, is one of the most important problems for future consideration by automobile casualty companies, thinks Thomas F. Cass, assistant secretary Indemnity of North America. He spoke before the Alabama agents' school at the University of Alabama here.

Mr. Cass predicted an extension of the time limit for automatic coverage on a new automobile replacing an insured car, pending notice for permanent transfer, from 10 days, the present limit, to 30 days.

Heretofore coverage has been limited to the automobile described, said Mr. Cass. Only recently have the companies grasped the importance of departing from that limitation. They have broken away from the long established precedent and have broadened the scope of the cover to extend, in certain circumstances, to the use of other automobiles.

May Follow Named Insured

Injection of this feature is a partial acceptance of a theory of automobile insurance that would follow the named insured, rather than the automobile, which, of itself, is an inanimate object, incapable generally of causing damage until it is placed in motion under the guidance of some person. In the years to come more will be heard of this theory, Mr. Cass is convinced.

"Our problems will not be properly solved until we abandon the theory of linking coverage to an automobile, and, through a 'driver's license law' require each individual to furnish evidence of financial responsibility as a precedent to the granting of a license to operate an automobile," he said.

"There are obstacles in the way, particularly in the matter of operation of commercial vehicles, but I have no doubt that one day they will be solved."

State Farm Appeals Duel Ruling to Wis. High Court

MADISON, WIS.—An appeal to the Wisconsin supreme court is being taken in the suit of Commissioner Duel to compel State Farm Mutual Automobile of Bloomington, Ill., to cease operations in Wisconsin. This development came when Circuit Judge Murphy overruled a demurrer which alleged the insurance department had no cause of action. The court had permitted counsel for the company to withdraw a motion to dismiss the suit and file the demurrer.

Judge Murphy said the record to go to the supreme court would not include the state's amended complaint in which attempted coercion of Commissioner Duel and Governor Heil by the insurance company was charged. The fundamental issue before the high court will be the business practices of the Bloomington company, which is operating in Wisconsin under a federal court injunction, Judge Murphy stated.

Commissioner Duel refused to renew the license last year on the claim that the State Farm Mutual's plan of life membership fees in underwriting automobile business does not comply with Wisconsin statutes. The mutual was granted a Wisconsin license in July, 1939, just before former Commissioner Mortensen stepped out of office. The company had made repeated attempts to get a Wisconsin license.

It is expected the supreme court will hear arguments in September and will then decide whether Judge Murphy was correct in disagreeing with company counsel that the complaint was "insufficient to cause action" and that the circuit court is without jurisdiction. By stipulation the company's annual reports and agents' handbook are entered in the record of the case to be presented to the high court.

Mich. 50-50 Ban Delayed 30 Days

Ruling on Automobile and Plate Glass Held Up at Request of Agents

LANSING, MICH.—Commissioner Berry has suspended for 30 days the effective date of his recent order outlawing the so-called convertible or retention plans of writing automobile collision and plate glass insurance. The order, which was to have been made effective Aug. 1, now will not take effect until Sept. 1.

In explaining the postponement, J. C. Ketchum, second deputy commissioner and director of the casualty division of the department, said numerous complications had arisen due to the brief notice. For example, many agents have renewed policies and then gone on vacations.

Association Asked Postponement

The Michigan Association of Insurance Agents through W. O. Hildebrand, secretary-manager, requested delay on the basis of requests from members. The association has taken no definite stand in the matter and agency opinion was said by Mr. Hildebrand to be somewhat divided. Some agents feel that abandonment of the popular convertible form for auto collision would have a bad public reaction and might result in a substantial loss of business. Others believe a straight deductible plan at an attractive rate could be substituted without material maladjustment. It is agreed, however, that the agents would like to have some assurances from the companies relative to the type of deductible forms to be written and the rates to be charged, before accepting without protest the departmental ban on the so-called "50-50" plan.

Discussed at Agents' Meeting

At a combined outing and dinner of the Kalamazoo and Battle Creek associations, the departmental ruling was the chief topic of discussion. Mr. Hildebrand attended the meeting and participated in the debate. Agent speakers contended the ruling ignores the interests of the insured in prohibiting a plan that provides a maximum of protection at the lowest possible cost.

Commissioner Berry admitted that the ruling had been instigated by certain companies. "These companies agreed it made for bad adjustment practice and asked me to issue the order," the commissioner was quoted as explaining. "Actually my action is merely to make sure that all companies are following the plan they have agreed to follow."

Continental Casualty Plans Claim Rally Aug. 14-15

Continental Casualty will hold its annual claim convention in Chicago, Aug. 14-15. About 450 employees and attorneys from over the country are expected to attend.

W. G. Caples, general attorney, will preside at the session.

H. A. Behrens, chairman of the company, and M. P. Cornelius, president, will appear on the program the first day to outline the company's general position and trends in the business.

G. E. Hofmeister, vice-president, will discuss underwriting changes; W. C. Swisher, assistant general attorney, will discuss claim procedure, and Mr. Caples claim procedure. This session will be followed by round table discussions.

On the second day Malcolm S. McCorqudale, Houston, Tex., will talk on "Federal Procedure"; Frank B. Baylor, Lincoln, Neb., "Liability of an Insurance Company for Failure to Settle"; J. R. Dickie, Pittsburgh, "Use of Pictures in Losses," and A. B. Peterson, Boston.

Named Assured Plan Popular

Now that the National Bureau of Casualty & Surety Underwriters has authorized the inclusion of the named insured in the automobile medical reimbursement endorsement in those states in which it is permissible, the endorsement including the named assured is becoming the most popular form, it appears. Most assured are eager to put up the small additional amount that is required to provide some personal protection for themselves and many agents are offering this form, without alluding to the fact that the coverage can be purchased excluding the named assured. It may be that this in time will come to be more or less the standard contract. Most of the business is written without a covenant not to sue. Some companies are advising agents not to offer the endorsement in amounts less than \$500. It is permissible to write the endorsement for \$250 but a good many feel that the minimum contract that is sold should be \$500 and an effort should be made to sell the \$750 and \$1,000 multiples.

Central Mutual Issue Is Reviewed by Va. Agents

Members of the Virginia Association of Insurance Agents are being put in possession of copy of a letter from a firm of truck operators that is being sued by the receiver of Central Mutual of Chicago for \$29,870 on the ground that it is liable for assessment on policyholders. The truck firm is Barnwell Bros. of Burlington, N. C. R. W. Barnwell, president of the firm, wrote to the Winston-Salem Insurance Exchange as follows:

"In reply to your inquiry of the 30th, we wish to advise that we are being sued by the Central Mutual Insurance Company of Chicago for the sum of \$29,870. This is being done despite the fact that we had not been with the company for over 12 months when it was declared insolvent, and despite the fact that they were supposed to be issuing a non-assessable policy. This company had many policyholders in the state at the time they went into bankruptcy, but they are making our case a test case and should they win all other policyholders will be sued immediately." It is this letter that is being distributed among members of the Virginia agents' association.

The Barnwell policy in Central Mutual was assessable by its terms, the receiver explains. It is understood that one of the officers of Central Mutual assured Barnwell Bros. that Central Mutual had enough surplus to write non-assessable policies and Barnwell bought the insurance, thinking that it was non-assessable. When they discovered that it was an assessable contract, they cancelled it. Under the court order the assessment is levied against anyone who was insured in Central Mutual as far back as two years prior to the receivership.

Hearing on Limited Forms in N. Y. Set for July 22

ALBANY, N. Y.—The New York department will hold a hearing July 22 at 10 a. m. at the state office building on limited accident policies, which the department has been investigating for some time.

Mich. Job Insurer Licensed

A new assessment carrier, Brotherhoods Mutual Benefit, has been licensed by the Michigan department to write loss of employment or retirement coverage for members of the railway brotherhoods. Offices are at 1310 Dime Savings Bank building, Detroit. R. M. Branton is president; James Phalen, vice-president, and Julien Winterhalter, secretary-treasurer.

High Peak Payrolls Big Boon to Group Coverage Sales

Increases in Force Three Times New Business— Staffs Overtaxed

With payrolls at all-time peaks, group insurance men are being pushed hard to service the business. Groups already on the books are expanding rapidly and figures from several leading companies show that their increases in group in force during the first six months are three times the new business total, thus emphasizing far-reaching effect of the national defense program. So far there has been little adverse effect from industries which are suffering from shortage of materials in non-defense business, although some investment houses have undergone retrenchment programs and there has been a slight indication of hesitation from some employers on embarking on a group program under existing conditions.

Not only is new group business good but existing groups are adding accident and health and hospitalization to life coverage. Employers are continuing to be more and more receptive to programs for bettering employee relationships so they are lending a friendlier ear to group proposals.

Many employers originally shied at group because of the necessity of establishing payroll deduction systems but now that this is required by social security contributions and they have set up necessary systems and equipment, an additional deduction for group is simple to make.

Employers are continuing to pay from 25 to 50 percent of group insurance costs even when accident and health and hospitalization coverage is added.

Claim Practice Varies

The marked acceleration of group accident and hospitalization business has introduced the problem of claim handling. Although most group practices tend to be standardized, the handling of disability claims varies. Companies with claim organizations are using them in most cases, others ask employers to submit claims to the home office for payment while still others are following the practice of giving the employer a check book and let him settle claims. As the final cost of group coverage depends upon individual employer experience, little difficulty is experienced from overpaying claimants by the employer. However, some feel that the claim burden should not be placed on the employer, especially in cases which are disputed. Those with claim departments take the attitude that it is asking too much of the employer to submit the necessary claim data and that it should properly be handled by a third party. Inasmuch as most group disability contracts have an eight day waiting period and it isn't necessary to pay claims until the end of the second week, those who pay claims through the home office hold there is sufficient time to report, investigate and mail claim checks without inconveniencing the claimant.

Divided on Dependents

The question of writing dependents under group hospitalization varies between two systems. Several companies charge 15 cents a month per \$100 for male employees, 25 cents additional for one dependent and 10 cents for all additional dependents. The other practice of charging 15 cents for the employee and 30 cents for dependents regardless

Auto Risk Selection Is Emphasized Today

The Chicago branch of Continental Casualty has called upon its producers to observe the highest standards of selection of automobile business in view of the fact that the private passenger auto P. L. and P. D. business is now considered unprofitable. Continental Casualty is now insisting upon the completion of a new application form in connection with all new and renewal private passenger car risks. On the back of the application are listed prohibited risks which are consistent loss producers.

Expects Preferential Business

Continental Casualty states that its preferential rate offering is predicated on the theory that it will receive preferential business and it solicits the producers to cooperate to the utmost. The application form calls for information as to racial extraction of the insured, age, whether the automobile is to be used in connection with business or a profession, whether it is to be operated by anyone under 25 or over 64 years of age, whether the automobile will be operated by anyone granted a limited drivers license or who has any physical impairment; whether the automobile is used principally in territory where garaged; the accident record for the past two years; name of previous insurance carrier, etc.

Prohibited Classifications

The prohibited classifications of a general nature are risks involving bad moral hazard, those involving physical impairments, those which have had two or more accidents during the past two years, those involving principal drivers who are under 24 or more than 64 years of age, automobiles over five years of age and automobiles regularly operated over an extended territory.

The specific prohibitions are actors and actresses, bookmakers and race track operators and employees, entertainers and performers engaged by amusement concessions, cabarets, carnivals, circuses, night clubs and similar places of entertainment, junkmen, liquor and brewery salesmen or other distributors of intoxicating beverages; musicians engaged in restaurants, clubs, cabarets or roadhouses or on tour; operators whose licenses have been revoked or have been convicted for driving while intoxicated; avoiding responsibility after an accident, reckless driving or a felony involving use of any automobile, those unable to speak, read or write English; those whose automobile insurance has been canceled or declined by another company within the past three years; pool hall operators and employees; professional athletes; slot, pin ball game and vending machine operators and employees; sport promoters and employees; students, tavern and saloon keepers and employees, owners and employees of cabarets, night clubs, roadhouses, etc.

Hotel Accidents Higher; Safety Drive Launched

The Hotel Association of New York City has started a safety campaign among members that is prompted by the increase of seven cents in the basic workmen's compensation rates for year round hotels and 53 cents for seasonal hotels effective July 1 in New York. E. L. McManus, insurance director of the Hotel Association, states that in May, 1940, 107 hotels in New York City reported 199 accidents with 2,735 work days lost. In May of this year 81 New York City hotels reported 270 accidents with 3,234 days lost. The increase will be accelerated, he predicted, by reason of the replacing of skilled and safety conscious employees with green help.

(CONTINUED ON PAGE 22)

Danger in Self-Insurance Pointed Out by Expert

John E. Beahn in an article on "Credit and Financial Management" spoke about the dangers in self-insurance. He said that the expense-conscious executive who has exhausted other sources of savings ultimately discovers the possibilities of self-insurance. But unfortunately, he declares, many executives originate self-insurance programs with the carelessness and prodigality of breeding rabbits. They look covetously at insurance costs and decide to eliminate that item henceforth. Mr. Beahn further says:

Reasoning Is Erroneous

"It is an inviting prospect. 'The insurance company can make a profit on my insurance,' the buyer reflects; 'we can self-insure and keep that profit.' The assumption is entirely erroneous, but it probably explains the origin of many self-insurance plans, complete or partial, now in existence.

"A self-insurance plan must be regarded as an insurance company. Though a part of a manufacturing or distributing organization, the plan must be operated as a foreign instrument. As a separate unit, the self-insurance scheme must be based on actuarial findings. A prerequisite of the plan should be a thorough knowledge of the hazards for which the plan is designed.

Loss Must Be Catalogued

"This means that the probable frequency of loss and possible severity of loss from existing hazards must be noted and catalogued. The owner of 1,000 delivery trucks, for example, could determine with reasonable accuracy the average number of damage claims filed against him in one year. This would comprise the probable frequency of loss. Similarly, he could determine the average size of these claims or the probable severity of loss.

"If he intends to self-insure, he must consider the maximum amount of loss which might result from accidents. He must determine the amount of judgment that might be awarded to one person injured in an accident and the total amount of judgments that might be awarded against the firm in any one year. Generally, the adaptability of self-insurance declines as the possible severity of loss in one accident or in the aggregate increases.

Economy in the System

"This actuarial data provides a basis for determining whether a self-insurance program would make any real contribution to profit. Nothing is gained by a firm that drops insurance because of the expense and then establishes a system of self-insurance which does not achieve appreciable economies.

"Profit is not the sole consideration, of course. The self-insurance plan must also encompass an effective system of inspection and loss prevention, and provide security comparable to that of commercial insurance.

Factors to Consider

"Self-insurance can be justified, according to its proponents, if the plan will operate as satisfactorily as commercial insurance yet contribute to profit by:

"(a) elimination of commissions paid by insurance companies to agents;

"(b) more economical supervision of inspections, accident-prevention work, and administration;

"(c) maintenance of such a low loss ratio that commercial insurance carriers cannot allow a credit based on the experience of the individual firm.

Plans Constantly Threatened

"If the plan is to operate as satisfactorily as commercial insurance, a saving from any of these sources is possible only when the total amount of risk is composed of many relatively small units—such as is the case in a firm employing 10,000 workmen, if self-insurance is to

be applied to workmen's compensation, or a firm owning 1,000 small, scattered buildings, if self-insurance of fire risks is considered.

"A self-insurance plan assuming the fire insurance of four \$25,000 buildings would be constantly threatened because the loss of one building, 25 percent of the total insured, would amount to a conflagration loss. A plan insuring 100 \$1,000 buildings would have greater chance of success.

"Insufficient diversification of risks was responsible for the failure of a self-insurance plan operated some years ago by a large public utility. The plan had been in operation far beyond the experimental period when an explosion caused nearly 30 deaths, injuries to more than 100 persons, and several million dollars of property damage. The insurance reserve was insufficient for such a catastrophe, and a levy on the general funds of the corporation was necessary.

Must Provide Service

"Assuming that risks are sufficiently diversified to permit the substitution of self-insurance for commercial insurance, the self-insurer must then provide inspection and legal service comparable to that of the commercial carrier.

"This service requirement practically prohibits self-insurance of some hazards. Boilers, for example, usually are not self-insurable, partly because of insufficient diversification of risk but also because of inadequate inspection service.

Reserve for Losses

"Probably the most difficult requirement for a self-insurer is that of an adequate reserve for losses. If the plan is to be something more than an excuse for not buying commercial insurance, a liquid reserve must be established exclusively for the settlement of losses. That reserve must be sufficiently large to permit payment at any time of damage claims or replacement of destroyed property.

"The foregoing may have indicated the need for an insurance manager to supervise the plan and to buy proper insurance coverages for hazards which are to be insured with commercial carriers. This insurance manager would necessarily be a man of long and varied insurance experience. He would be required to know something of actuarial data, underwriting, reserves, inspection service, legal service, and other features of insurance. In addition, he would need a thorough knowledge of all lines of casualty and property insurance.

Self-Insurance Is Costly

"These requirements would eliminate the majority of business firms. For them, self-insurance is an extravagant luxury serving no useful purpose, since commercial insurance can supply protection and various services at a cost far lower than could the individual firms themselves.

"The great corporations are more fortunate than smaller firms. If companies such as Chrysler, General Motors or du Pont institute self-insurance programs, trade creditors and bankers are inclined to regard the plan as another innovation similar to those which have contributed to the growth of the firm; this is the privilege of greatness. But even large self-insurers generally purchase excess insurance to protect the self-insurance fund against catastrophes.

Final Blow Is Taxes

"The final blow to self-insurance is taxes. Funds paid into a self-insurance reserve from earnings are regarded as profit and may not be deducted as operating costs. With federal, corporate and excess-profits taxes ranging from 21 to 62 percent, it is very doubtful that self-insurance could be a profitable venture in most organizations."

ACCIDENT AND HEALTH

Great Northern Life Enters Over-Age Accident Field

The Great Northern Life has entered the over-age accident field, primarily to provide a wider range of prospects for its agents in smaller towns. The new "security" accident policy, while intended primarily for employed men ages 60-70, also can be written for employed men in more hazardous occupations classified as B and B* at the younger ages, at a higher premium, and for unemployed men and women and housewives under still another classification.

On dismemberment, it pays monthly indemnity for 12 months for accidental loss of sight or any two members, six months for one member and four months for one eye. Total disability is covered for 12 months, with one-half partial for two months. Specified amounts will be paid for fractures and dislocations instead of monthly indemnity, if desired. Air travel as a fare-paying passenger is covered. Full indemnity is paid regardless of any change of occupation.

The annual premium for employed men, ages 60-69, class AAA, for \$1,000 principal sum and \$100 monthly is \$20, running up to \$80 for class B. For employed men in class B, ages 18-59, the corresponding rate is \$56. The rates are the same for class B*, but with only \$500 principal sum. For housewives and unemployed men and women, \$1,000 principal sum and \$40 monthly, the annual premium is \$20 for ages 18-59 and \$30 for ages 60-69.

Adams Milwaukee President

MILWAUKEE—Herbert R. Adams, Old Line Life, was elected president of the Milwaukee Accident & Health Underwriters to succeed Eugene G. Malone, Time, at the annual meeting. James W. Smith, Provident Life & Accident, is vice-president; Leo Packard, Loyal Protective, reelected secretary; Matson Holbrook, Standard Accident, treasurer. Directors are R. O. Hanson, National Casualty; Clyde E. Dalrymple, Preferred Accident, president National association; A. L. Veitenhaus, Chris. Schroeder & Son; Arthur Lytle, Massachusetts Protective; J. E. Masak, Standard Accident; William Kempf, Old Line Life, and Mr. Malone.

The annual field day of the local group, to which the Chicago association members and other guests will be invited, will be held July 29 at the Tuckaway Country Club south of the city.

Honor Ferguson with 40% Gain

While E. H. Ferguson, assistant secretary, was attending the National Association of Accident & Health Underwriters annual convention in Los Angeles, agents of the Great Northern Life staged a campaign in his honor and registered an increase of 40 percent in new accident and health premiums. Mr. Ferguson is the retiring president of the National association and the agents took advantage of the opportunity of his absence to show appreciation for his services to the business.

Dyer Agency Again Leader

The George L. Dyer Company of St. Louis, one of the oldest agencies of the Columbian National Life, was the leader in accident and health production for the first six months of 1941. It has been a top ranking producer in that field for many years. George L. Dyer, Jr., who is in charge of accident and health production, is first vice-president of the National Association of Accident & Health Underwriters.

Dixie Auto Club Policy

Security Indemnity of Columbia, S. C., is now writing an automobile accident policy for members of the Dixie Automobile Club.

Los Angeles Has Money Left After National Convention

LOS ANGELES—The Accident & Health Managers Club of Los Angeles at its regular monthly meeting heard the report of the committee that had charge of the recent annual convention of the National Accident & Health Association.

Congratulatory letters were read from many of the delegates to the convention, praising the committee for its work.

Each of the members expressed his reaction regarding the sessions, the consensus being that the meeting was most successful.

The report of Treasurer George Howell drew hearty applause when the announcement was made that a small surplus had been returned to the club's treasury.

Names Kelly-Welsh Agency

The Kelly-Welsh agency of New York City has been designated by Mutual Benefit Health & Accident to specialize in handling its brokerage business in New York. T. A. Welsh of the agency for the past five years has

been manager of the New York City brokerage department of Mutual Benefit H. & A., and before that was with the accident and health department of U. S. Casualty.

Thorpe Continental Supervisor

James O. Thorpe has been appointed supervisor of Continental Casualty accident and health division, assisting Charles Adams, western supervisor, in servicing and developing the west coast territory.

Mr. Thorpe became interested in hospital insurance when business manager of a California hospital. He joined Continental Casualty as district manager.

Omaha Association Officers

Officers elected by the new Omaha Accident & Health Association, recently organized, are: President, W. B. Dresler, manager field service World; vice-president, C. W. Leeman, president Metropolitan Accident & Health; treasurer, L. J. Marcotte, general agent Mutual Benefit Health & Accident; secretary, Sam Giuffrida, H. A. Koch Company.

Great Northern Agencies Expand

E. G. Leist, Wausau, Wis., general agent Great Northern Life, will cele-

bate the opening of his new offices in the American State Bank building with a dinner on Aug. 2, which will be attended by H. G. Royer, president; John A. Sullivan, vice-president, and E. P. Oertel from the home office.

A. C. Brown, Great Northern Life general agent in Minneapolis, has taken larger space in the Northwestern National Bank building.

COMPENSATION

Utah Industrial Commission Complications in New Setup

SALT LAKE CITY—The Utah industrial commission was not included in Governor Maw's state government reorganization plan and, except for merging the state insurance fund with the state commission of finance, continues to operate with a board composed of three members, each handling a separate department. Two new members have been appointed to succeed O. F.

There's a better way to be covered



The toll of robbery rises! The defense boom, with more money in circulation, also booms the need for Burglary and Robbery Insurance.

Standard Accident of Detroit is in a position today to offer more comprehensive service on this needed coverage than ever before.

Up-to-date Standard policies bring Burglary

and Robbery protection within reach of all businesses, big or little. Coverage is more complete. Rates are low.

And, always, back of your campaign to line up new business is the *practical help* of Standard's nation-wide organization—a highly trained Casualty and Bonding force ready to swing into action at your command.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

July 17, 1941

McShane and F. A. Jugler. W. N. Knerr was reappointed. Last week Mr. Jugler instituted quo warranto proceedings in the state supreme court against the two new appointees, Wendell Grover and O. E. Wiesley, asking that they be restrained from holding office. It is not believed a hearing to determine the issue can be had until the fall term of court. Mr. Jugler contends that Mr. Grover, former state senator, cannot act as a member of the industrial commission, because of a constitutional provision which makes a legislator ineligible to hold an office he helped to create. Mr. Jugler was appointed by former Governor Blood in April, 1939, for six years.

The complaint also sets forth that since Mr. Grover could not legally qualify, it follows that no new members could qualify, and, therefore, the old commissioners should continue in office. Complications are bound to arise because of the court action, not only with regard to payment of salaries, but in rendering decisions in compensation cases.

Explain Tennessee Rates

NASHVILLE—Efforts are being made to clarify in the minds of manufacturers and industrialists the reason for the 7 percent increase in compensation rates in Tennessee, following the legislature's recent increase in benefits. The National Council had planned a 10 percent rate reduction in Tennessee prior to passage of the liberalized benefits. Average compensation rate level changes in Tennessee have shown a gradual decrease from a cumulative point of 1.000 in 1936 to .714 in 1940 with a good loss experience.

To make matters worse for Tennessee agents in explaining the increase, the Tennessee Taxpayers Association, directed by W. R. Pouder, issued a statement that "compensation rates have constituted a national scandal for a long time and are in desperate need of correction." Mr. Pouder later admitted that his calculations were based on written premiums and paid losses.

The situation has made it necessary for agents to contact manufacturers and industrialists in an effort to overcome the harm that has been done.

Compulsory Bill Defeated Again

HARRISBURG, PA.—The compulsory compensation bill was again rejected in the Pennsylvania house by a vote of 82 to 90. Rules prevent it from being considered a third time.

CHANGES

Anchor Casualty Forms Coast Unit

Anchor Casualty has opened a Pacific Coast department at 111 West Seventh street, Los Angeles. T. Parker Lowe, formerly Minnesota state agent, is the manager. He is a native Minnesotan, receiving his education at the University of Minnesota and the business school of the University of Pennsylvania.

O. J. Trimble, formerly local agent at Devils Lake, N. D., and secretary of the North Dakota Federation of Insurance Agents, has been appointed special agent for southern California.

Cliff Kealey, well known New Mexico field man, maintaining offices in Albuquerque, will handle Anchor for that state, reporting through the Pacific Coast department.

Travelers Names Three to Posts

Travelers has announced three casualty appointments. William H. Mack, field assistant at Toledo, O., has been made assistant manager at Toledo. Edwin F. Murphy of Milton, Mass., has been appointed field assistant at Worcester, Mass. Clifford Griffith, assistant

field man at Newark, has been appointed assistant manager there.

Bankers Indemnity Special Agent

Clinton J. Karst has been appointed special agent for Bankers Indemnity in Chicago. He was formerly special agent of Aetna Casualty at St. Louis and recently operated a local agency in Milwaukee.

Open Service Office in Detroit

Accident & Casualty has opened a service office in Detroit at 428 Buhl building. Arnold Swanson, special agent in Michigan for the past two years, has

been named manager and Charles S. George becomes adjuster. The former Michigan headquarters of the company were in Grand Rapids.

Williams Fills Marshall Post

BALTIMORE—J. D. Williams, superintendent judicial department U. S. F. & G. since 1934, and a vice-president for the past six months, has been named vice-president in charge of the fidelity department as well, in succession to the late T. H. Marshall.

Read **Manufacturer & Insurance** by L. S. Meyers to increase your sales. Send \$3 for copy to National Underwriter.

Anchor Casualty Annual Outing Set for July 25

Anchor Casualty of St. Paul is holding its annual get together at the White Bear Yacht Club on White Bear Lake, July 25. The party will run throughout the afternoon and evening and will include golf, motor boating, swimming and other activities.

Ty Cobb, former baseball great, recently paid a visit to his cousin, C. B. Crawford, vice-president of Washington National, at his home in Evanston, Ill.



**Well informed service and
aggressive solicitation are
definite agency require-
ments of this insurance
merchandising era that are
facilitated by Central
Surety representation.**

CENTRAL SURETY AND INSURANCE CORPORATION

HOME OFFICE KANSAS CITY, MISSOURI

R. E. McGINNIS, President

SAN FRANCISCO

CHICAGO

NEW YORK

E. H. Luecke Addresses Vt. Agents on Comprehensive

Erwin H. Luecke, superintendent of the casualty production division of Fidelity & Casualty, was the featured speaker at two meetings of the Vermont agents' association. The first was held at Chester Tuesday and the second the next day at Burlington.

Mr. Luecke, speaking on "Comprehensive Liability Insurance," pointed out the large assortment of liability lines that are available separately and then proceeded to show that the comprehensive policy form is a combination of any and all liability coverages that a business can and ought to purchase, written in one policy contract.

He said a comprehensive liability policy is arrived at through a survey of the existing and anticipated liability insurance needs and then issuing a policy on this basis. "It is as simple as that," said Mr. Luecke, "plus the fact that as needs for further liability coverage arise during the normal course of events this additional coverage is automatically made."

Mr. Luecke stressed the fact that it is of paramount importance that the policy form be properly sold and that the insured realize that he is getting all of the coverage that he might need and that the price would be based upon all known and revealed liability hazards in existence, with the assured having coverage on any new operations undertaken, different procedure and new construction.

Study Rating System for Weekly Pay Auto Insurance

ALBANY, N. Y.—A separate system of rating for automobile liability sold on the weekly payment plan may be the result of studies now being made by the New York department. These schemes have sprung up because of the imminence of the new safety-responsibility law's effective date, Jan. 1, 1942.

The department fears that an agency cannot charge standard rates and meet the extra cost of handling business on a weekly basis. On the other hand, a finance plan charging more than 6 percent would violate the state banking law. The department doubts that even 6 percent would cover the extra expense, in all cases, hence the investigation.

F. & D. Pays \$1 Extra

Fidelity & Deposit has declared its regular quarterly dividend of \$1 and an extra of \$1 payable July 31 to stock of record July 16.

Buckeye Union Has Big Gain

Buckeye Union Casualty reports that its premium volume for the first six months of this year exceeded that of the parallel period of 1940 by about 25 percent while the premium volume of Buckeye Union Fire was up about 65 percent.

Lieut. V. Lorne Miller, former field supervisor in Canada of the Mutual Benefit Health & Accident, is in a hospital in England, recovering from injuries received while on one of Britain's destroyers to which he was attached as a gunnery officer.

Robert N. Rose, executive vice-president of Manufacturers Casualty, is expected in Chicago this week. It will be his first trip since becoming associated with Manufacturers Casualty. He was formerly president of Excess, the casualty reinsurer.

E. E. Cefrey, who has been at the home office of Glens Falls Indemnity 12 years, has joined Zurich as an underwriter in its New York office.

Map Auto Assigned Risk Scheme in N. Y.

NEW YORK—Representatives of stock and non-stock automobile liability writing companies discussed with Superintendent Pink here Wednesday the formation of a plan for taking care of assigned risks under the new financial responsibility law of the state. The adoption of an assigned risk program by New York would increase to 10 the number of states in which such a scheme is in operation. The example of New Hampshire, the first to initiate the move in 1938, has been followed in turn by Massachusetts, Illinois, Maine, Connecticut, Washington, Vermont, Virginia and New Jersey.

No commission is granted upon assigned risks in Massachusetts, but in other states payment is made to the producer designated by the assured. New Jersey allows the producer a commission of 10 percent on pleasure cars and 5 percent on public passenger carriers and long haul trucking risks. The Virginia act stipulates that a commission be given to the resident agent of the company to which a risk is assigned.

Get more casualty business. Send \$1.50 for year subscription to Casualty Insuror, 175 W. Jackson Blvd., Chicago.

Vernon General Is New Indianapolis Insurer

A new company, known as Vernon General, has gotten under way in Indianapolis. It is located at 115 North Pennsylvania street. Apparently it is specializing in writing school bus drivers.

Kessler in Pittsburgh Post

Preston Kessler has joined Manufacturers Casualty as manager of the bond department in Pittsburgh. He is in charge of bond production in Ohio and western Pennsylvania. He has been located in Cleveland.

A. L. Valentine, U. S. F. & G. field man for northeastern Illinois, in June graduated from the Chicago Kent School of Law and recently had occasion, as president of the June graduating class, to address close to 1,000 Chicago Kent alumni.

T. Wallace Stevens, for many years special agent in Richmond for Fidelity and Deposit, who recently suffered a stroke, had a second stroke last week and is now under treatment in the Retreat for the Sick in that city. He retired several years ago.

Public Official Bonds and Automobile Claims

The Glens Falls Indemnity calls attention to the fact that in several states the courts have interpreted the terms of a public official bond as granting coverage similar to an automobile bodily injury policy. In every known instance a public official was either a sheriff, an under sheriff or other peace officer driving an automobile on official business with no insurance covering on the automobile involved in the accident.

It cites a recent experience that it had in a claim where a 16-year old boy was seriously injured by a deputy sheriff while driving a car in the performance of his duty. There was no automobile insurance and suit was brought on the official bond of the sheriff on the ground that he was responsible for the acts of his deputy. The tendency is to construe the terms of a bond so that faithful performance includes the careful driving of an automobile.

Glens Falls Indemnity states to its agents that in acceptance of a bond for a public official, whose duties require the use of an automobile, it is always well to find out whether or not personal liability and property damage is carried.

A NAME

MENTIONED WHEREVER

THE STABILITY OF

INSURANCE IS

DISCUSSED

Established 1897

Continental
CASUALTY COMPANY
CHICAGO, ILLINOIS

Affiliated with

CONTINENTAL ASSURANCE COMPANY

WANTED CLERK-TYPIST

To handle details on bond applications and investigations. Experience required. Apply Kemper Insurance Company, 4750 Sheridan Road, Chicago, Ill.

Threat Is Seen in Big Line Formula

(CONTINUED FROM PAGE 13)

impressive and significant. It sets forth the various selling prices of milk delivered at the home, at the store, at hospitals, restaurants and hotels. In other words, to both the small buyer and the large buyer, and the average price received over-all is 10.1 cents per quart. As against this, please note the following which I quote from the booklet:

"SPREAD—The difference between the price paid by our customers for milk is known as our milk spread. At current prices spread would be figured as follows:

"Average per quart price paid by our customers for regular milk delivered in various containers and quantities, 10.1 cents.

"Price per quart paid to farmer for this milk, 4.5 cents.

"Spread, 5.6 cents."

"Spread is used to pay for all the expenses of handling, processing and distributing milk.

"In other words, the production cost is 4.5 cents as compared to a distribution cost of 5.6 cents.

Costs of Various Lines

"I had with me at our meeting in New York an analysis showing the relative production and distribution costs of other businesses and which were as follows:

	Production	Distribution
Drugs	\$1.90	\$8.10
Electric appliances	2.10	7.90
Refrigerators	2.68	7.32
Auto accessories	2.86	7.14
Furniture	2.92	7.08
Hardware	3.41	6.59
Lumber	3.72	6.28
Insurance	6.00	4.00

"Milk is probably No. 1 merchandise article in life and the most universal. Through state and city commissions the prices which the home consumer pays, and the prices which are paid to the farmer are approved by governmental authorities and are not changed without their approval. Furthermore, it should be remembered that it requires practically no sales effort. It is, perhaps more than any other merchandise article, bought rather than sold.

"It is not extremely significant that in spite of all the foregoing facts, only 40 percent of the dollar paid for milk goes to production and 60 percent of that dollar goes to distribution, whereas insurance which for the most part is sold and not bought and requires the greatest of sales organization only 40 percent of the dollar paid by the consumer goes to distribution and 60 percent of his dollar he receives in production value.

Engineering, Claim Service

"You spoke gratefully to me for my taking the position that there should be no lowering of the character of engineering and claim servicing of stock company insurance. You also referred to the fact that when everything was said and done on the basis of our millions of premiums there was expense incident to the trafficking of that business of about 40 percent. This same identical fact is also just as true in the operation of an insurance agency. The overwriting margin on the business of any large office is a very small fraction which means that no matter how it may be allocated, we simply have to receive a certain number of dollars against a certain number of dollars of premiums.

"It is also illuminating and significant to note the paragraph in this booklet with reference to wages. It states:

"Wages—Retail drivers' wages currently amount to \$48 per week. In addition the driver receives an average

commission of \$4.12 per week, or a total of \$52.12 per week."

"When you consider the qualifications of a milk wagon driver and the qualifications of an insurance salesman, this bears out very convincingly another one of the statements which I made that the stock insurance industry must be able to pay to its salesmen earnings which will not be out of balance with earnings which they can receive in other industries. I do not know what the average earnings of the average insurance salesman may be, but I should doubt very much that such figure would exceed, or perhaps even equal, the \$52.12 received by milk wagon drivers.

Day to Day Life

"All this certainly clearly proves the positive demand that we in this industry do not let ourselves become confused in our thinking. The fact that a certain formula may be put out to cover a few gigantic defense contracts, the cost of which is borne by the national government, very obviously should have no weight of influence upon the basic factors of our industry in its day by day life at all. This fact should be shouted from the housetops in any gathering where this subject is discussed or referred to. It is most important also, as I stated, that in analyzing the individual big risk part of our business, that we again be sure that we do not get confused in our thinking.

"I made reference to the fact that the large buyer of insurance and the large broker, by and large, already knew how to take care of themselves, and that the insurance industry basically depended upon, and would continue to depend upon, the run-of-the-mine mass business rather than upon the jumbo lines. Let us not, therefore, in our endeavor to provide a formula to take care of large risks which, for the most part are pretty much already able to take care of themselves, ruin the run-of-the-mine business and the personnel upon which that business absolutely and unequivocally depends and must depend. Stock insurance should remain steadfast to its proper place of serving the people who prefer to pay the price of a first quality article. A first quality means not only security, but those other factors which must be present to guarantee complete satisfaction, and for which the buyer pays, admittedly, more money.

Can't Compete for Cheap Market

"We are not going to put that type of insurance carrier whose market is the cheap buyer out of business. For the stock insurance companies to undertake to make a price to reach the cheap market would simply ruin completely the business of stock company insurance, and if it costs 60 cents of the purchaser's money dollar for the cost of distribution for a bottle of milk and with universal government approval, would not society be more greatly benefited by increasing the distribution of our goods and the character of them rather than by a necessary reduction both in quality and distribution which would inevitably result from lowering our over-all cost. It goes without saying that we should forever be eternally vigilant in eliminating either waste or extravagance."

PAYROLL AUDIT SERVICE

K. L. PEARCE COMPANY

— Audits Since 1920 —

PROMPT — COMPLETE

Iowa, Minnesota, Dakotas,
Nebraska, Illinois, Indiana

403 Keosauqua
Des Moines, Ia.

330 So. Wells
Chicago, Ill.

Much Debate on Suburban Rate

(CONTINUED FROM PAGE 13)

both sides with parked cars. This creates narrow roadways, makes obstructions at intersections and in general creates a hazard that does not exist in the suburbs. The discussion of this point seems to be almost entirely on a theoretical basis, however, as neither side seems to be able to produce any experience figures to justify its position.

Some who believe there is a difference, contend that it should have been recognized through an increase in city proper rates rather than through a decrease in suburban.

The move in Chicago was especially drastic because the rate reduction was made retroactive to May 1. This will entail a great deal of rewriting to take care of the rate situation. Some of the agents and brokers are pursuing a very conscientious course in getting in touch with all of their policyholders whose business was written effective May 1 or later to tell them about the reduced rate. Others however, are not getting in touch with the policyholders and are giving the reduction only to those assured that hear about the reduction and ask for a rebate. Coming in the midst of the summer season a good many agents and brokers seem to be taking the course of least resistance.

McMahon Heads Tulsa Group

At a meeting of the Tulsa Claim Association Donald F. McMahon, manager claim department Continental Casualty, was elected president; A. M. Covington, of Pierce & Rucker, attorneys, vice-president; L. F. Brinkley, manager claim department Maryland Casualty, secretary.

The association has approximately 40 members, and works in close association.

★Fidelity, Surety and Forgery Bonds★Fidelity, Surety and Forgery Bonds★

tion with the Association of Casualty & Surety Executives.

Atlanta Claim Group Active

Governor Talmadge of Georgia will speak at the August meeting of the Atlanta Association of Claim Men. Judge F. D. Foley of Columbus, president Georgia Bar Association, will speak July 30.

Beginning early in the fall the association will start a series of weekly educational lectures and will invite local agents, their employees and others.

Big Defense Bonds on Coast

LOS ANGELES—Hartford Accident & Indemnity Co., through its Los Angeles branch office, will execute a payment and performance bond for Bressi & Bevanda, running to the U. S. government, covering a contract for taxways, runways and other construction work at the Victorville, Cal., military airport, in the sum of \$1,317,245. The company wrote the bid bond on the contract.

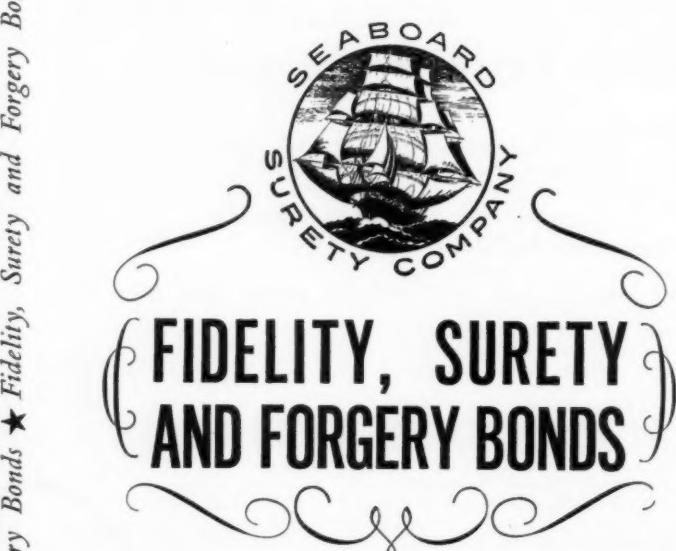
Fidelity & Deposit and Pacific Indemnity will write the payment and performance bond on an army contract for additional buildings at Fort Ord, Cal., awarded to Ford J. Twaits-Morris-Knudsen Co., at a bid of \$941,000.

Writes Large Appeal Bond

The American Employers has written an appeal bond for the Chicago Stock Yards Company amounting to \$6,919,300. The co-sureties are the Aetna Casualty, Continental Casualty, Fidelity & Casualty, Indemnity of North America, National Surety, Travelers Indemnity and U. S. Fidelity & Guaranty.

Cooperative Casualty, a mutual, has moved its home offices from Clayton, Mo., to the Security building, St. Louis. Fred A. Gissler is president, Carl Maushardt secretary.

Fidelity, Surety and Forgery Bonds ★ Fidelity, Surety and Forgery Bonds



SEABOARD SURETY CO.

80 JOHN ST., NEW YORK

C. W. FRENCH, President WHitehall 3-1484

★Fidelity, Surety and Forgery Bonds★Fidelity, Surety and Forgery Bonds★

S. ALEXANDER BELL
Associated with
BAUMANN, FINNEY & CO.
Certified Public Accountants
Insurance Accounting, Audits and Systems
200 South La Salle Street, Chicago, Illinois
Telephone: Central 1378

POINTERS FOR LOCAL AGENTS

Survey Selling Effective But Approach Has Changed

Several changes have occurred in use of the survey as an approach to selling insurance, according to R. G. Hammond of Moore, Case, Lyman & Hubbard, Chicago, who has been doing surveys since the early '20s when they were first widely introduced. The agent who simply goes in and asks for policies "to make a survey" receives a very cold shoulder from prospects. Almost invariably the policies are "in the vault" and very inaccessible.

One of the best methods is to find some one new thing which a man may not have had called to his attention, use this as a wedge, and develop the survey from there on.

This is particularly effective in connection with personal insurance of the well-to-do man in larger centers. For the most part, such a prospect is attached to a large concern with an insurance buyer taking pretty good care of coverages.

Personal Insurance Has Gaps

This is not so true of the man's personal account, usually handled by his secretary who is not an expert on insurance. There are more apt to be gaps through which to make an effective approach.

Once the loophole is discovered and the contact established, then the best method, Mr. Hammond has found, is to prepare a "working survey." When the prospect sees this presentation of a mass of detail concerning his insurance he is pretty well convinced the agent knows the insurance business and his, the prospect's, insurance problems. He is willing to have the agent hold the survey in his office. By the time the survey is completed, the agent often has acquired the status of the prospect's "insurance man," and has taken over part or all of his personal insurance.

This use of the survey works also for the average prospect in the smaller city. One agent in such a location operates on the basis that every prospect must have a survey made, but he doesn't give them the survey after it is completed. He keeps it in his office, and the assured comes in, calls up, or has the agent bring over the survey when he wants to know anything about his insurance.

Many Effective Approaches

In connection with personal insurance on well-to-do prospects, opportunities for discovering loopholes are constantly arising, Mr. Hammond said.

For instance, when the 5 percent extension on outbuildings came in, he went over fire maps of Chicago and vicinity to learn what homes had private greenhouses. Greenhouses as such take a high windstorm and hail rate. The coverage is divided into two parts, building and glass, a cumbersome procedure difficult to apply.

But with the 5 percent extension, the owner could have protection for nothing. Mr. Hammond found this to be a fine opportunity. He pointed out that "you have the same situation in your fire insurance as Mr. Blank (a prominent name in the same suburb) where I saved 29 percent on the whole personal insurance setup."

One man with a greenhouse had \$50,000 on dwelling, \$10,000 on garage. Mr. Hammond arranged to have 5 percent of the dwelling insurance, or \$2,500, apply to the greenhouse. The best arrangement is to have the specific insurance

on the lowest rated outbuilding and let the highest rated building, such as a greenhouse, go in under the 5 percent extension.

Jewelry Reduction Is Example

Another approach is the recent reduction in jewelry rates. Mr. Hammond made a survey of personal insurance for a wealthy man. The possibility of getting any business as a result was just fair. A close personal friend always had handled the account. When the new jewelry rates came out, however, Mr. Hammond sent out a copy of a form letter calling attention to the reduction to this prospect along with others. When Mr. Hammond called on him a few days later, the form letter was on his desk.

"Why didn't my agency tell me about this?" he asked.

"Oh, they'll do that," Mr. Hammond assured him. "They probably just haven't got around to it."

"Hell, the new rates have been out 20 days!" The prospect called his agency, gave them the devil, and turned over his insurance to Mr. Hammond.

Mr. Hammond learned that few assured knew about the lower jewelry rates, though they offered every agent and broker a chance for "creative contact" with clients.

Opportunity in "Second Home" Feature

More than two years ago companies brought out the "second home" feature of the fire policy, under which 10 percent of the face amount is applicable to assured's summer or winter home without extra charge.

Mr. Hammond studied suburban papers over a long period to check news of persons going on trips to summer or

winter homes. He then approached these prospects with something definite to talk about and a definite saving to offer. In several cases this saving was the key to securing large personal insurance accounts.

This was not so long ago, two years or more after the insurance extension came out, and in very few cases did he run across a prospect whose agent had brought the saving to his attention, let alone put it into effect.

In about half the cases in which Mr. Hammond has been successful in securing a personal account he has been able also to get some of the insurance on the man's business. In one instance he made a saving for a prospect unable to give him any personal business. The man appreciated the work, however, and a month later passed on a big chunk of insurance on his business—by phone.

Sells Personal Liability

Another approach, not so specific but effective, is personal liability. Men with money are anxious to cover against all possible liability, and usually do on their businesses, automobiles, etc. With respect to personal liability they usually carry a residence policy, golf and various sports policies, and so on. But the personal liability coverage places all of these phases of personal liability under one policy at a lower cost than the aggregate of individual policies.

With the survey, it is not so much selling insurance, aside from life and accident, as properly writing it, commented Mr. Hammond. Prospects buy it, once it is explained satisfactorily.

"Let me have your policies to make a survey" has been worked to death. The professional approach is best, going over the prospect's situation until he will want to show you the policies. Mr. Hammond has had several cases in which the prospect told him in the beginning that his policies were in a vault or safe deposit box and then, after interest was developed, he started pulling them out voluntarily to show.

Illuminating Comment Made on the Comprehensive Policy

CINCINNATI — Illuminating comments on the comprehensive liability policy and the Defense Plant Corporation contract were made by J. H. Parks, manager Royal Indemnity, Cleveland, at a meeting of the Cincinnati Casualty & Surety Association. Mr. Parks said that the comprehensive liability policy had not received the attention and study it should have from agents. No single event in the past 15 years in the casualty business is of greater potential importance. The agent should review his risks and take up the policy with all eligible risks, Mr. Parks declared, otherwise some one is going to offer the coverage to qualified risks within the next three years.

He said that his office had written about 100 of the policies, 85 of these being current policies which were cancelled and rewritten to take advantage of the broader and more simple contract which the comprehensive liability policy offers.

The policy may be offered in Ohio either as a master contract or as a comprehensive general liability or automobile liability policy. It covers unknown hazards, exclusions are easy to remember, it appeals to the buyer, it covers everything, and it is attractive to the manufacturer, for example, because the

rate is based on so much per \$100 of sales.

Mr. Parks took up the objections raised in some quarters over the phrase "caused by accident." Some of the non-bureau companies have substituted a different wording, such as "happening." However, the wording can be removed from the policy if desired, in cases such as malpractice, for example. Mr. Parks recommended, however, that the words be removed by endorsement on the specific coverages to which it is intended they should not apply. He said that the words were as appropriate in their context as any others that might be used, except for special cases.

The comprehensive policy gives grantors protective liability insurance. This coverage was made necessary by a New York supreme court decision when a bank was held liable for personal injuries sustained when a cornice of a building it had owned, but to which title had been transferred, fell and injured a pedestrian.

Use of the policy requires that a complete survey be made of the insured's insurance needs, Mr. Parks said. Any coverages not desired must be endorsed off the policy. He cited a case where an insured was able to make a \$1,100

Fidelity Bonds Should Be Regarded as Good Builders of Business

O. H. Linn of New York City, assistant manager of the fidelity and surety department of the Travelers 42nd street office, is a firm believer in producers not overlooking fidelity bonds as a source of income. As he points out, they command a fair rate of commission. They renew annually at the same rate of commission and thus this income repeats itself each year. He regards the volume of fidelity bond business in an office as an excellent back log. As he puts it, it becomes a "rent payer" and "a bread and butter line."

Fidelity Bonds Can Be Sold

Secondly, fidelity bonds can be sold. Many other types of bonds are handled purely on a service basis. Fidelity bonds, however, must be solicited, he continued. Any business man who has employees is a prospect. If a producer understands the fidelity contract, bonds of this character can be sold. Existing insurance clients should be solicited if they have employees.

Finally Mr. Linn declares that a fidelity bond if well handled takes an agent far into the intimate phases of a client's or prospect's business life. It establishes a close and personal contact. When it is established it is favorable for the development of other lines of insurance.

Next, Mr. Linn calls attention to the fact that a producer is not an insurance counsellor if he neglects to sell fidelity coverage to his clients or at least bring it to their attention. A man having employees that handle money or goods is just as good a prospect for fidelity bonds as he is for a fire policy. In fact, he may sustain a greater loss through embezzlement than he would through fire.

Should Leave No Door Open

In the next place, Mr. Linn said that a producer risks the loss of business already on his books if he does not handle the fidelity bond carried or needed by his client. He should leave no door open to competition. The client needs complete coverage and if he has a severe exposure on account of employees handling money or goods he should not be without a fidelity bond.

premium savings because products liability cover was unnecessary and it was endorsed off of the comprehensive policy.

The comprehensive liability policy may be endorsed to pick up all existing policies upon expiration, he stated, thereby giving the insured a better coverage and the agent additional business. Any exposure created is automatically covered and it is up to the company issuing the policy to discover any exposure which may occur.

The general liability and automobile liability premiums may be combined to make an insured eligible for the \$200 minimum premium. Operation of an automobile by an independent contractor and misdelivery are covered in the comprehensive general liability policy and if automobile liability cover has been previously carried, one policy should be endorsed to eliminate the coverage to avoid duplication. The comprehensive liability policy may be endorsed to make it excess cover, providing its minimum limit requirements are met.

Every exclusion in the policy can be

removed except in regard to workmen's compensation. It is possible to have varying limits, such as standard limits on automobile and increased limits on general liability or products or contractual liability. It is permissible to exclude coverage and charge for special rated classes in the manual such as stadia and beaches. It may be written for three years, thereby simplifying the renewal problem for the agent and also giving the insured the advantage of any rate increase which may result from the national defense program.

The casualty end of the Defense Plant Corporation contract is more or less of a comprehensive general liability policy on a form prepared by the corporation itself. It requires mandatory limits and covers single interest only, covering the corporation during the construction of the plant. Boiler, machinery, and pressure vessels coverage is required.

Insurance requirements of federal agencies will probably do away with some of the states' "silly counterculture laws" and legislation which makes it impossible for a corporation doing business naturally to get insurance in domestic companies, Mr. Parks said.

High Peak Payrolls Big Boon to Group

(CONTINUED FROM PAGE 15)

of the number is contended to be simpler and easier for the employer. As rates are based on averages, it is held that they should be as simple as possible. The only possible complaint to the latter plan would be from newly married younger employees without children. One company operating on the three-rate system which is also followed by a number of the cooperative hospitalization plans, has compiled the following experience on hospitalization: One male employee in every 14 is hospitalized each year, one female employee in every seven, and one out of every five dependents. The chances are one in four that an employee or one of his dependents will be hospitalized each year. Seven out of 10 of those hospitalized undergo operations.

Hard Hit by Calls to Service

Group service staffs have been hard hit by the draft and the call to service of reserve officers, especially in the larger offices where the younger men are trained. One large company has lost about 10 percent of its men while a large office of another company has lost over 50 percent of its service men. As group is still a young business, it is the practice to employ young college men, a fair number of whom are reserve officers. As companies training service men have to invest considerable expense in their training, they insist on high physical condition standards so practically none are deferred from military service on that basis.

Advise That Cities Insure

ST. PAUL—E. J. Devitt, assistant attorney-general of Minnesota in charge of insurance matters, has suggested to municipal authorities that they investigate a state law which permits them to take out liability insurance protecting firemen and other municipal employees in case of any liability they might incur in operating motor vehicles in the municipality.

"If your city or village does not carry such insurance, this is to advise you that the law permits it to do so," said Mr. Devitt's statement. "For your own protection it would be well to investigate the matter."

"Drive Yourself" Cover Required

BOSTON—The Massachusetts legislature has enacted a law requiring proprietors of "drive-yourself" automobile rental companies in Massachusetts to provide property damage insurance, in addition to personal injury liability cover under the compulsory act; to protect customers against claims.

A · DIRECTORY · OF RESPONSIBLE INDEPENDENT ADJUSTERS ·

ARIZONA

LYLE ADJUSTMENT COMPANY
LUHRS BLDG., PHOENIX
All Lines
BRANCHES
TUCSON FLAGSTAFF YUMA
Westworth Bldg. Masonic Bldg. 524 Orange Ave.
Covering—Arizona, Western New Mexico, Southern Utah and Imperial Valley, California

CALIFORNIA

WAGNER & GLIDDEN, INC.
TOPLIS & HARDING, INC.
INSURANCE ADJUSTMENTS
ALL LINES
Chicago Los Angeles New York
and Detroit
Offices Throughout the World

DIST. OF COLUMBIA

NICHOLS COMPANY
INSURANCE ADJUSTMENTS
All Lines—Representing Companies only
Established 1921—Twenty-four hour Service
Washington, D. C., Woodward Bldg., Phone Dial 3-8359
Richmond, Va., Mutual Bldg., Phone Dial 3-8359
Balto., Md., Mercantile Tr. Bldg., Ph. Plaza 6220
Winchester, Va., Masonic Bldg., Phone Win. 179
Hagerstown, Md., Wareham Bldg., Phone Hug. 798

ILLINOIS

JAMES J. HERMANN COMPANY
•
ADJUSTERS
•
INSURANCE EXCHANGE BUILDING CHICAGO

WILSON S. LEVENS & CO.
ADJUSTERS . . . ALL LINES
Insurance Exchange Bldg. Chicago

PHONE HARRISON 3230

THOMAS T. NORTH
ADJUSTMENT COMPANY
Adjusters
All Lines
Insurance Exchange Building,
175 W. Jackson Blvd.
Chicago

A. B. Litow—B. L. Hayman—Adelaide M. LeBlanc
JOSEPH RICE & CO.
Insurance Exchange Building
Chicago

Established 1899

WHITNEY & MILLER
ADJUSTMENTS
175 W. Jackson Blvd. CHICAGO

Day Phone 1472-R Night Phone 1472-W
FRANK R. SCHMIDT
Insurance Adjuster
Representing Insurance Companies
All Lines
LaSalle State Bank Bldg., LaSalle, Illinois
Covering Central Northern Illinois

PEORIA
Angus B. Ferdinand
1046 Jefferson Bldg.
Established 1923
Licensed and Bonded
SECRET SERVICE DEPARTMENT

ILLINOIS (Cont.)

J. L. FOSTER
314 First National Bank Building
Springfield, Illinois
Fire - Automobile - Casualty

LIVINGSTONE ADJUSTMENT SERVICE
619 E. Capitol Ave. Commercial Bldg.
Springfield, Illinois Belleville, Ill.
Insurance claim investigations and adjustments—all lines—Covering all of Central and Southern Illinois.
No Mileage or Traveling Expense charged within a 50 mile radius of either of our offices.

INDIANA

CENTRAL ADJUSTING CO.
Consolidated Bldg. Indianapolis, Ind.
BRANCH OFFICES:
EVANSVILLE HAMMOND
414 Old Nat'l Bank 407 Lloyd Bldg.
FORT WAYNE SOUTH BEND
835 Lincoln Tower 711 Odd Fellows Bldg.
MUNCIE TERRE HAUTE
304 Western Reserve 6 Bell Bldg.
All Lines. Specializing in Automobile, Inland Marine and Fire

INDIANA ADJUSTMENT COMPANY
130 E. Washington Street INDIANAPOLIS
AUTOMOBILE AND CASUALTY
Resident Adjusters at Evansville, Fort Wayne, Terre Haute, Indianapolis, South Bend, Richmond and Louisville, Ky.

EUGENE McINTYRE
Adjustment Co.
All Lines of Automobile, Casualty and Inland Marine.
Eight East Market Street Indianapolis
Branch Offices: Muncie, Ind., and Terre Haute, Ind.

MARYLAND

NICHOLS COMPANY
INSURANCE ADJUSTMENTS
All Lines—Representing Companies only
Established 1921—Twenty-four hour Service
Balto., Md., Mercantile Tr. Bldg., Ph. Plaza 6220
Hagerstown, Md., Wareham Bldg., Phone Hug. 798
Washington, D. C., Woodward Bldg., Phone Met. 0316
Richmond, Va., Mutual Bldg., Phone Dial 3-8359
Winchester, Va., Masonic Bldg., Phone Win. 179

THOS. R. TADLOCK
Insurance Adjuster
For companies only
All lines—20 years experience
916 Walnut St. Bldg., Kansas City, Mo.

NEBRASKA

JUDD W. CROCKER CLAIM DEPARTMENT, INC.
INSURANCE ADJUSTERS
City National Building
Phone Jackson 6394
BRANCHES AT Des Moines, Iowa
Lincoln, Neb. Sioux City, Iowa
Grand Island, Neb. North Platte, Neb.
North Platte, Neb. Scottsbluff, Neb.
Scottsbluff, Neb. Cheyenne, Wyoming

NEW MEXICO
NEW MEXICO ADJUSTMENT AGENCY
"Complete Claim Facilities for Companies Only"
Fred C. Blake and Melvin D. Rueckhaus
ALBUQUERQUE, NEW MEXICO
Day Telephone 8883 Night Telephone 9848
10 McNABB BLDG.
P. O. Box 995
Fire—Automobile—Casualty—Workmen's Compensation—Inland Marine—Fidelity and Surety

OHIO

JOHN H. MCNEAL & HARLEY J. MCNEAL
1307 E. 6th St. 502 Auditorium Bldg.
CLEVELAND, OHIO
INVESTIGATIONS AND ADJUSTMENTS IN ALL LINES OF INSURANCE
Representing Many Companies—20 Years Experience
Service Throughout Northern Ohio.

HERMON N. GEORGE
ADJUSTER
For the Insurance Companies
Investigations, Appraisals, Adjustments
23 Years Experience

714-715-716 MAHONING BANK BLDG.
YOUNGSTOWN, OHIO
Phones: Office 66540, 74165. Night Phone 21289

OKLAHOMA

H. C. SEITZ
ADJUSTER
Fire, Inland Marine, Automobile
Mercantile Building
Phone 7-3318 Oklahoma City, Okla.

PENNSYLVANIA

THE CURLEY ADJUSTMENT BUREAU
Complete Claim Facilities for Pennsylvania, Northern Maryland and Southern Jersey
ALL EMPLOYEES ADEQUATELY BONDED
Main Office: 500 WALNUT ST., PHILADELPHIA
Atlantic City—3700 Atlantic Avenue; Chambersburg—167 Lincoln Way East; Erie—Masonic Bldg.; Harrisburg—22 S. 3rd St.; Pittsburgh—1104 Investment Bldg.; Reading—Ganster Bldg.; Williamsport—120 West 4th Street.

SOUTH CAROLINA
THOMAS M. McELVEEN
ADJUSTER
54 Broad Street Charleston, S. C.
Branch Office—Willcox Bldg., Florence, S. C.
Richard A. Palmer, Manager. Telephone 328
Complete Insurance Claim Service for Companies
Automobile—Casualty, Compensation, Fire, Surety,
Inland Marine, Transportation Claims
Day Phone 5229 Night Phone 8472

TENNESSEE

Raymond R. Ramsey
Volunteer Bldg.
CHATTANOOGA
Fire, Tornado and Inland Marine... Public Liability... Property Damage... Automobile, Fire, Theft, and Collision... Serving Tennessee, North Georgia and North Alabama

VIRGINIA

NICHOLS COMPANY
INSURANCE ADJUSTMENTS
All Lines—Representing Companies only
Established 1921—Twenty-four hour Service
Richmond, Va., Mutual Bldg., Phone Dial 3-8359
Winchester, Va., Masonic Bldg., Phone Win. 179
Washington, D. C., Woodward Bldg., Phone Met. 0316
Balto., Md., Mercantile Tr. Bldg., Ph. Plaza 6220
Hagerstown, Md., Wareham Bldg., Phone Hug. 798

WEST VIRGINIA

JOHN C. WYCKOFF CO.
INSURANCE ADJUSTMENTS
MAIN OFFICE FAIRMONT, W. VA.
BLUEFIELD, W. VA. CLARKSBURG, W. VA.
Perry Building Bldg. 429-431
HUNTINGTON, W. VA. WHEELING, W. VA.
First Huntington Natl. Bank Bldg. Wheeling Bank and Trust Building
CHARLESTON, W. VA. Capitol City Building
PARKERSBURG, W. VA. Union Trust Building

WISCONSIN

Nurnberg Adjustment Co.
GENERAL ADJUSTERS
Fire, Windstorm, Hail, Automobile, Casualty,
Inland Marine and Aircraft
(Licensed Pilot in Our Employ)
Underwriters Exchange Bldg.
MILWAUKEE
828 N. Broadway Branch Offices: Antigo and Madison
Phone: Daly 8933

July 17, 1941

INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Wisconsin Short Course Is Set for July 28-Aug. 2

MILWAUKEE—Final plans for the first annual short course in fire and casualty insurance at the school of commerce of the University of Wisconsin at Madison, July 28-Aug. 2, were completed at a conference here attended by Prof. E. A. Gaumnitz, insurance instructor at the school; Grover Miller, Racine, president Wisconsin Association of Insurance Agents; W. F. Koch, Milwaukee, vice-president Robert Eberl, secretary, and J. J. Batenburg, Racine, educational committee member. The courses are open to all who are interested in fire and casualty insurance and the tuition fee of \$25 includes all living expenses and study materials. While advance reservations have indicated statewide interest in the course, there is still opportunity for a limited number to register before the limit is reached.

Instructors include Professor Gaumnitz; Prof. J. E. Hedges, school of business, Indiana University; George M. Craig, Chicago, assistant manager farm department Home; Urban Krier, Milwaukee, district supervisor U. S. Fidelity & Guaranty; H. R. Thiemeier, Chicago, North America; R. C. Dreher, manager production department of the Boston; Arthur L. Steinhans, Fire Insurance Rating Bureau, Madison; C. R. Bock, Minneapolis, regional manager Royal-Liverpool group; L. E. Mackall, vice-president National Surety; Hubert Wolfe, Milwaukee attorney; P. J. Leen, Chicago, marine manager Fireman's Fund; W. A. Rodman, Chicago, Western Adjustment; O. B. Sullivan, Milwaukee, adjuster Aetna Casualty, and Richard Layton, manager systems and supplies division Rough Notes Co., Indianapolis.

Minneapolis Agents Ask Payment of Contingents

A committee from the Western Underwriters Association went to Minneapolis the other day to confer with representatives of the Minneapolis Underwriters Association on a number of demands that the agents of that city had submitted to the company group. It is understood that the most important request was for the payment of contingent commissions. There appears to be no sentiment in the company ranks that is favorable to granting the Minneapolis request. The preponderant company opinion is that payment of increased commissions at any point these days is simply out of the question and that no exception can be made, because to do

so would start a wild fire throughout the country.

Krog Agency Gets Big State Line

ST. PAUL—The Krog agency of Stillwater has been awarded the largest insurance contract the state of Minnesota lets, amounting to a maximum of about \$4,000,000 on a reporting basis with a one-year deposit premium of \$9,174. The contract covers products of the state prison industries at Stillwater. Some 40 agents scattered about the state bid on this contract early last spring and the delay in awarding it caused considerable criticism.

The Krog agency will place the business with the Home, Springfield Fire & Marine, Phoenix of Hartford and General of Seattle. State officials said the actual premium would run far short of the deposit premium.

New Minn. Fire Marshal Setup

ST. PAUL.—To provide more efficient and economical fire prevention service, Commissioner Johnson has re-districted the state into 8 zones with a deputy fire marshal detailed to each, responsible for his territory. As nearly as possible each deputy will be stationed in the center of his zone so that he can reach any place in it easily. In addition there will be special investigators stationed in the Twin Cities, Duluth and St. Cloud.

Each deputy will be expected to make a thorough inspection and held responsible for his particular district. Each is now being provided with a list of schools, hospitals, dry cleaning plants, theaters, etc. to inspect and this will be added to from time to time.

Order Rate Case Fee Returned

JEFFERSON CITY, MO.—Gilbert Lamb, former assistant attorney-general of Missouri, has been ordered by the state supreme court to surrender \$13,500 paid him as attorney for custodians of the fund impounded in the old 10 percent Missouri fire rate case. The court upheld a recovery suit by the insurance department. The court previously had ruled that the impounded money belonged to policyholders and should not be used to pay legal fees or expenses.

To Have New Home Office

FORT WAYNE, IND.—The Brotherhood Mutual Life and Brotherhood Mutual Fire have purchased a large residence which will be remodeled into headquarters for the companies. It is planned to have the new quarters ready for occupancy after the first of the year.

General Chairman for Ohio Annual Meeting

in Michigan. His office is at 510 Williamson building.

Klinkenborg at Crookston

J. H. Klinkenborg, state agent Phoenix of Hartford, addressed a meeting of the Northwestern Minnesota Agents Regional association at Crookston on "Salesmanship." George W. Werstlein of Thief River Falls, president, was in charge.

NEWS BRIEFS

John A. Buxton, president Minnesota Implement Mutual Fire, has been elected a trustee of Pillsbury Academy, Owatonna, Minn.

J. G. McHale, state agent New York Underwriters, spoke on "The Responsibility of the Insurance Agent" at a dinner meeting of the Central Minnesota Regional Association at Brainerd.

J. F. Dentrick & Co., Defiance, O., have taken over the Gherke Bros. agency in Defiance.

The Labrunerie & Son agency of St. Joseph, Mo., has moved quarters there to the Central building. The office occupies the entire street floor, formerly occupied by a bank.

The Moore & Wright Co. agency, Port Huron, Mich., has acquired the Cowan agency. Fred A. Cowan becomes associated with the Moore & Wright organization.

Nell Wheeler, Shelby, Mich., has acquired the Cooper & Son and A. B. Butler agencies.

EAST

Charnock Named Assistant Manager Rating Association

BOSTON—The board of governors of the New England Fire Insurance Rating Association has appointed Percy C. Charnock assistant manager of the association. Harvey C. Abbott is named engineer; Herbert P. Bruce supervisor of the improved risk department and Fred A. Williamson supervisor of the public utility department.

Mr. Charnock has been with the New England Insurance Exchange and its successor, the N. E. F. I. R. A. for 21 years, and has been in charge of the municipal protection department for the past 16 years. Before going with the exchange he was engaged in inspection work for the National Board.

New Philadelphia Insurance Telephone Directory Ready

The 1941 Philadelphia Insurance Telephone Directory has been completed and copies are being mailed this week to the insurance people in that



INCORPORATED 1794

THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

308 WALNUT STREET, PHILADELPHIA

FIRE
INLAND TRANSPORTATION

AUTOMOBILE

LIGHTNING
TOURIST BAGGAGE

WINDSTORM
RENT INSURANCE

USE AND OCCUPANCY
PARCEL POST

Interests Are Playing in National Defense."

S. R. Aitken, San Francisco, district manager Stock Company Association, will speak on "The Stock Company Association—Its Purpose and Procedure."

The Aetna Casualty's sound movie, "Say It in English," has also been booked.

New Dispute in Montana Over State Property Cover

The Montana insurance commission has declined to approve a \$500,000 fire and earthquake insurance award to two local agencies of Helena by the state liquor control board.

The liquor board had placed the insurance at a premium of \$3,000 per year for three years with Taylor, Tipling & Co. and Schroeder Bros. company, both of Helena.

In the past the insurance had been carried with Pearl.

The liquor board has decided not to renew fire insurance policies on about 70 of the 157 stores operated by the state. These stores, it was said, carried stocks valued at less than \$1,000 each.

Urge Stevens as Defense Director

PORLAND, ORE.—Appointment of Jay W. Stevens, chief of the fire prevention bureau of the National Board, as director of civilian defense in the 9th army corps area is being urged here. Mr. Stevens is a former Portland fire marshal and has gained an enviable reputation in fire protection and prevention activities in the past 25 years. J. K. Carson, former mayor of Portland, in a communication to Mayor La Guardia of New York, chief of the civilian defense committee, said he believed Stevens' experience as a fireman, in building construction and in insurance work makes him best qualified for the position. He is supported for the appointment by a number of individuals and organizations in the 9th corps area which comprises several western states.

Rennie Returns to Seattle

Gordon Rennie, formerly of Seattle, has returned to the northwest from Los Angeles. He has resigned from the North America and has joined Swett & Crawford as special agent for inland marine and Lloyds coverages in Washington.

Mr. Rennie, a native of Spokane, joined the North America in San Francisco in 1934 after graduation from the University of Washington. In 1937 the North America transferred him to Seattle in the marine department. Early this year he was transferred to Los Angeles to handle marine losses for the company.

Employe Fire Brigade Effective

SEATTLE—Effectiveness of the new industrial plant employe fire brigade plan was tested successfully here when a blaze in the Seattle Cedar Lumber Manufacturing Company's plant was placed under control by employe fire fighters before the Seattle fire department reached the scene.

All Seattle industrial plants directly or indirectly engaged in national defense work have organized fire brigades and the groups have been steadily drilled.

Set Pearl Hearing for July 28

The hearing in connection with the Pearl issue in Montana has been postponed until July 28 at the request of the general counsel for Pearl. The date had been set for July 21. Commissioner Holmes undertook to cancel the license of Pearl in Montana but the federal court issued an injunction restraining such action until a hearing could be held.

NEWS BRIEFS

The annual meeting of the Wyoming Association of Insurance Agents will be held at Casper, Sept. 19-20.

The annual meeting of the Colorado Association of Insurance Agents will be

held at the Shirley-Savoy Hotel in Denver, Oct. 3-4.

The Insurance Women's Association

of Portland has swelled its membership by 16 new members. Total membership is now 115.

IN THE SOUTHERN STATES

May Extend San Antonio Agency Limitation Rules

The San Antonio Insurance Exchange is giving consideration to a four-agency limitation rule for casualty companies and it is also considering some sort of limitation on so-called automobile only connections. There has been a four-agency rule so far as fire companies are concerned for a long time. The exchange has now ruled that a fire company that has four-agency connections is prohibited henceforward from making additional automobile only connections with agencies until the agent has furnished the Insurance Exchange secretary a statement that no fire-wind-storm supplies for that company are in the agent's office and that no fire, wind-storm business will be written.

Smith of Gainesville, whose long service as an officer of the National association will be concluded after the national convention in Kansas City in October. To make the drive a tribute to Mr. Smith was the idea of Irwin Wootton, secretary of the Georgia association for several years, who takes over the management of its insurance educational department Sept. 1.

Muddle on La. Fire Marshal

BATON ROUGE, LA.—In the snarl which developed from a Louisiana supreme court decision invalidating the reorganization act sponsored by Governor Jones, the state fire marshal's office was set adrift but was anchored at least temporarily when C. P. Fournet secured a district court order to restrain the department of public safety from interfering with his duties in that office.

Under the reorganization act, the fire marshal's office was made a part of the department of public safety. Steve Alford, state police superintendent, promptly ousted Fournet. When the reorganization act was set aside, Fournet asserted he was legal holder of the office, and his view was sustained by Attorney-general Stanley.

The state has asked the Louisiana supreme court for rehearing, or a decision to clarify its holding relative to the reorganization.

Membership Drive in Tennessee

NASHVILLE—Vernon Sharpe, Jr., president, and R. T. Cawthon, secretary, this week are beginning a drive to increase the membership of the Tennessee



NATIONAL UNION

**FIRE INSURANCE
COMPANY
PITTSBURGH
PA.**



FULL EFFICIENCY . . .

**will be assured to the agent
who enlists the support of
qualified fieldmen.**

**Such support is offered and
guaranteed by fieldmen of
New York Underwriters.**

New York Underwriters Insurance Company

*Under management of
A. & J. H. STODDART*

90 John Street

New York

**A LEADER
AS
A
GOOD AGENCY
COMPANY**



Association of Insurance Agents. The goal is to increase the present membership of 349 to 450, which would give the association a 90 percent representation of all local stock company agents. The drive will be carried out simultaneously in west, east and middle Tennessee and all efforts will center in local exchanges.

A new dues schedule adopted at the annual meeting, along with the unquestioned value of local, state and National association membership, will be used as an appeal for new members.

Name Georgia Committee Heads

ATLANTA—President Rutherford L. Ellis, Atlanta, has named the following committee chairmen for the Georgia Association of Insurance Agents: Legislative, P. M. Lancaster, Sylvester; organization, Oscar Kincaid, Moultrie, and Sam Weyman, Atlanta; conference, Mr. Ellis; fire and accident prevention, Robert Harris, Cordele; casualty and surety, W. M. Fambrough, Columbus; guiding principles, J. C. Dunlap, Atlanta; public relations, Olin T. McIntosh, Savannah, and publications, Robert Warren, Albany.

Irwin Wootton, Atlanta, was appointed director of education, and M. R. McGruder, Atlanta, director of publicity.

State Can't Insure U. S. Property

LITTLE ROCK, ARK.—The state's right to insure commodities owned by the federal government is questioned by Comptroller McLeod in refusing payment of \$3,391 to Rebsamen & East, Little Rock, as balance of a premium of \$5,847 for a fire policy covering contents of a commodity warehouse.

Comptroller McLeod said the commodities, if destroyed or damaged by fire, would be replaced by the federal government without cost to the state. He asserted, therefore, that insurance should not be purchased.

Little Interest in TNEC Report

NASHVILLE—Commissioner McCormick doubts whether there is much real interest among local agents in the TNEC report. Before giving his address on the report at the convention of the Tennessee Association of Insurance Agents, he asked how many of the agents present (more than 200) had read even the abbreviated form of the report. Only three had read even the short report.

Renew Yazoo Delta Scholarships

The Yazoo Delta Local Agents Insurance Association, through the chairman of its education committee, J. H. Johnson, Clarksdale, Miss., announces it will again award two scholarships to the Sunflower Junior College, Moorhead, for the coming session. These scholarships, valued at \$100, have been awarded for 12 years.

Tennessee Premium Tax Up

NASHVILLE—Premium tax paid by out-of-state companies in Tennessee for the year ending July 1 totaled \$1,557,134, an increase of \$67,066. All insurance department income items showed an increase except fees for licensing agents, which decreased due to the drive to eliminate illegal and incompetent agents. Total income was \$1,985,312. Eliminating certain non-recurrent items, this is an increase of more than \$100,000.

Mrs. Edwin Haas, wife of the head of the Haas & Dodd agency, spoke on British war relief work at the meeting of the Atlanta Insurance Women's Club. The members voted to aid in the work.

All Classes of Ocean and Inland Marine Insurance
MARINE OFFICE OF AMERICA
WESTERN DEPARTMENT
INSURANCE EXCHANGE BUILDING - CHICAGO
Offices in Principal Cities

MOTOR

Watching Trends in Auto Business

Automobile underwriters are carefully scrutinizing the skies as to the immediate future of the business in view of the fact that automobile manufacturers are switching over to munitions and other military supplies. The peak of automobile production in this country reached about 4,500,000. Everyone was urged to buy a new car on the ground that it might be difficult in the near future to get one at a reasonable price, and furthermore the luxury tax would be increased. Undoubtedly a scare was thrown into the populace for business reasons and that stimulated production.

Financing Angle Important

It is predicted that the automobile pleasure car output next year will be reduced about 25 percent, which would bring the number of cars back to a normal plane. Automobile underwriters are inclined to think that the financing plans may have more effect on the business than production. If the government insists on a revision of installment buying it will mean a larger down payment and fewer installments. This will have a material effect on purchasing power. Then the second hand market must be considered. The General Motors announcement that it will recondition all its cars sold in 1938, 1939 and 1940 and put them in excellent condition has attracted wide attention. In order to meet this competition it will be necessary for other manufacturers to adopt a similar plan because buyers will insist on cars being put in satisfactory shape.

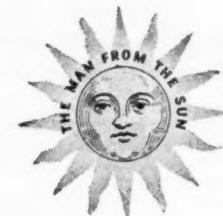
Perhaps the greatest concern of automobile underwriters is over the cars

sold prior to 1938. Finance companies are taking long chances on second hand cars in this group. As one underwriter expresses it, they are financing on faith without knowing whether a car is in good condition or not. The market for second hand cars has improved quite a bit.

New Standard Auto Form O. K. in N. H. and Pa.

Commissioner Rouillard of New Hampshire has approved the new standard automobile physical damage policy and endorsement forms promulgated by the National Automobile Underwriters Association and American Mutual Alliance. He rules that deductible theft coverage may be written under this policy but convertible collision cover is outlawed.

The N.A.U.A. has made a test filing of the policy in Pennsylvania and finds that it will be approved for the companies individually. Convertible collision may not be written in Pennsylvania either.



Agents Today are Guardians of Defense

One of the most vital factors in the defense program is the ability to anticipate hazards that will interrupt the continuous flow of needed materials. In this, industry is more than ever dependent upon the experienced insurance agent and facilities at his disposal, for the maintenance of continuous operation.

For more than 231 years, the SUN, oldest insurance company in the world, has been assisting its agents in affording protection to fit the needs of their clients.

MARINE

Two Marine Department Changes in Chicago

Two members of the inland marine department of Firemen's in the west have recently taken positions elsewhere. J. P. Severin, Jr., has gone with Hartford Fire in the inland marine end in the western department in Chicago and Roy Urbauer has joined Fidelity & Guaranty Fire as marine special agent in Chicago.

Gagen Joins Northwestern Nat'l

Kent Gagen, who has been in America Fore's western department, Chicago, for



Business Forecast

We predict that local agents who will not be affected by the proverbial summer slump are those who will it otherwise; who exert extra efforts to get new business by taking advantage of the sales assistance of aggressive companies like those in the Springfield Group.



THE SPRINGFIELD GROUP

WALTER B. CRUTTENDEN, President

SPRINGFIELD FIRE & MARINE INSURANCE COMPANY SPRINGFIELD, MASS.
CONSTITUTION DEPARTMENT
SENTINEL FIRE INSURANCE COMPANY
MICHIGAN FIRE & MARINE INSURANCE COMPANY
NEW ENGLAND FIRE INSURANCE COMPANY

SPRINGFIELD, MASS.
SPRINGFIELD, MASS.
DETROIT, MICH.
PITTSFIELD, MASS.

OF FIRE INSURANCE COMPANIES

FOUNDED 1710

SUN
INSURANCE
OFFICE
LIMITED

PATRIOTIC INSURANCE CO. OF AMERICA
SUN UNDERWRITERS INS. CO. OF N. Y.
SUN INDEMNITY CO. OF N. Y.

NEW YORK: 55 Fifth Avenue
Chicago: 309 W. Jackson Boulevard
San Francisco: Swett & Crawford, Gen'l Agts.

July 17, 1941

12 years, part of that time in the inland marine department, has been named special agent for Northwestern National. Mr. Gagen will travel in the midwest territory for the inland marine department.

CANADIAN

Ontario Agents to Meet in Toronto Oct. 16-17

TORONTO—The Ontario Fire & Casualty Insurance Agents Association will hold its annual meeting at the Royal York Hotel, Toronto, Oct. 16-17. It is understood some discussion will be given to the urban school trustee report, which may be presented to the Ontario legislature by the urban districts of the province urging the Ontario government to insure urban school properties. It is understood the Ontario Agents Association and the Canadian Underwriters Association are taking joint action in opposing such legislation.

Canadian Leader Is 90

WINNIPEG—R. T. Riley, veteran Canadian business leader, celebrated his 90th birthday this month.

Mr. Riley organized the Canadian Fire and Canadian Indemnity Company, and is still on their directorates.

He was a great friend and admirer of J. H. Brock, who founded the Great-West Life. He became—and still is—the company's first vice-president. He also holds policy No. 1 issued by the Great-West.

He is not as active in business today as he was once but still is a director of the Northern Trust Company.

Miller Joins Dale & Co.

TORONTO—David Miller of the Pace, Ferguson & Miller agency has joined Dale & Co. as assistant to the Winnipeg manager and will be in charge of agency supervision and production for the western provinces.

Nevill Is B. C. President

VANCOUVER—Mark Nevill, Eagle Star, has been elected president of the British Columbia Underwriters Association. Vice-presidents are A. E. Bibbs,

North British, chairman of the automobile department; F. B. Lewis, Canadian Surety, chairman casualty department, and John Anderson, Commercial Union, chairman of fire department. W. R. Sloan, Royal Exchange, is vice-chairman of the fire department.

W. Allen Carter Dies

W. Allen Carter of Toronto, 49, died in a hospital there. He had been with the Toronto agency of E. L. McLean, Ltd., for 26 years. He started with the Canadian Underwriters Association and at one time was with Globe & Rutgers. For many years he was an officer of the Ontario Blue Goose.

C. D. Harrington has been elected a member of the Canadian board of the Yorkshire. He is vice-president and managing director of Anglin-Norcross Corp., Ltd., and president of the Montreal Board of Trade.

Tackle Problem of 49c Penalty

(CONTINUED FROM PAGE 1)

might be involved in fire. The question then is what shall constitute the amount of recovery from the insurance company. What is insured is the cash value. The question is whether the insurance company could deduct the 49 cent penalty in making settlement.

A good many farmers probably will merely store this excess wheat on the theory that some day the penalty will be removed and that they can get rid of the wheat without paying the penalty. If the farmer had elected to sell the entire crop and pay the 49 cent penalty and his crop was destroyed by fire before he had actually marketed it, the government would return the 49 cents penalty that the farmer had paid.

The insurance problem pertains not only to grain in storage but to policies covering uncut grain. Taking the example of the farmer with an allotment of 80 acres who had seeded 120 acres and suppose 40 acres were destroyed by fire, the question is whether the 40 acres that was destroyed was the excess amount or was the acreage that came within the allotment.

Issue on Liability of Garage Owner

Question—We would be glad to have your opinion on the following situation: An employee of a garage was called up during the night being informed that his wife had been taken suddenly ill and asked to get to his home as soon as possible. He took a car belonging to a patron of the garage without the knowledge of the patron or the garage itself. As he was going home he had a collision at a street intersection damaging the car over \$800. The car owner carried collision insurance and was immediately paid by his company. That company then made a claim on the fire company carrying the garage keepers legal liability insurance. The latter denied liability on the ground that this employee was not on any business connected with the garage. He took the patron's car out of the garage without consent or knowledge of anyone. We have understood in a few similar cases the position of the company writing garage keepers legal liability has been pretty generally sustained. Have you any further information that you can give us?

Answer—We assume from your question that the fire insurance company

Want a Bigger PAY CHECK? Here's....



Added Earning Power
For You with

Reliable FIRE INSURANCE

The Reliable Fire Insurance Company Offers Fine Policies Expert Assistance

Your extra income from Reliable Fire Insurance means more profits for you . . . and a more comfortable living for your family. The Reliable Fire Insurance Company's state and special agents give you the help you need in hard sales jobs. You can be sure of all ethical assistance!

Reliable is widely recognized for prompt payment of just claims, and has real financial stability.

For full facts and all necessary information, write The Reliable Fire Insurance Company, Dayton, Ohio. Wm. F. Kramer, President; E. J. Weiss, Secretary.

Write for the Reliable profit story TODAY!

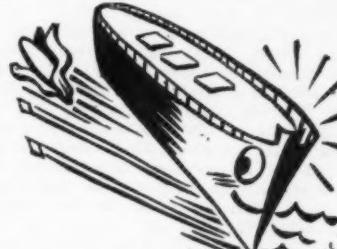
*For 76 Years
a Name to Rely On!*

STATE AND SPECIAL AGENTS

R. E. Metzger
162 E. Duane Rd.
Columbus, Ohio

Finnell & Finnell
2527 David Stott Bldg.
Detroit, Mich.

C. R. Dobbins
(Indiana & Illinois)
3359 Carrollton Ave. No. 14
Indianapolis, Ind.



SHE SLIPPED ON A BANANA!

The luscious banana, occasionally maligned for its slipperiness, can now claim this quality as a virtue that aids our defense program. Ripe bananas, split down the middle, are used today to grease the skids for launching ships.

This novel engineering device adds a commercial use to the popular utility of bananas as a food. In 1940 the United States consumed 52,336,160 bunches—about 20 pounds per person—worth over \$29,000,000, much of it dried, powdered fruit for ice cream flavoring, bakers' icings and fillings, baby formulas.

Hermetically sealed by discerning Nature, this nutritious tropical fruit is extensively imported by countries in the temperate zones. The AIU worldwide organization provides crop, warehouse and other forms of insurance for bananas, as well as simplified coverage in American companies for other properties and products abroad. Brokers and agents can offer this US dollar protection to their clients with complete confidence.

AMERICAN INTERNATIONAL UNDERWRITERS CORPORATION



111 John St., New York 340 Pine St., San Francisco
Havana, Cuba Manila, P. I. Bogota, Colombia, S. A.
Shanghai, China Hong Kong

RELIABLE FIRE INSURANCE CO.

Dayton, Ohio

An independent Ohio company with current surplus to policyholders of \$1,080,286.77

Writing All Forms INLAND MARINE INSURANCE, Including Yachts

ALAN H. BONITO & COMPANY, INC. Managers Marine Dept. Rhode Island Insurance Co.

Home Office
80 John Street
New York City

Western Department
Insurance Exchange Bldg.
Chicago, Illinois

Weavers

ADJUSTERS! REDUCE YOUR FIRE CLAIMS!

Consult Us Before Settlements

We reweave to perfection Burns, Stains and Damages in Rugs (Oriental & Domestic), Table Cloths, Tapestries, Wearing Apparel and Upholstered Furniture. Finest Cabinet Refinishing of Furniture burnt by cigarettes.

All Work Guaranteed

AMERICAN WEAVING COMPANY

Est. 1910

5 North Wabash Ave. Bldg. 13th Floor Chicago
Phone: DEArborn 1693-4



We serve leading Companies and Adjusters throughout the Country. References gladly furnished.

writing garage keepers legal liability insurance does not deny that its policy covers this particular case, but maintains that the insured garage is not liable for this loss. Although written by fire companies, rather than casualty companies, this coverage is on a strict liability basis, the insurance company being obligated to defend the garage in the event claims are made against it for damage to customers' cars from insured hazard, and to pay any losses covered by the policy which the garage would be compelled to pay in the absence of insurance, but not otherwise. By the same token, the company writing collision insurance for the automobile owner stands, under subrogation, in exactly the same position the owner would have stood without insurance, so the fundamental question is whether the garage is liable to the customer for this loss.

No Categorical Answer

We do not believe this question can be answered categorically. In general, a garage is not an insurer of automobiles entrusted to it, but it is a bailee for hire and consequently is held to a high degree of care for these cars and is responsible for damage due to its negligence. (About the only legal effect of "not responsible" signs and similar notations on claim checks is to confirm this situation and provide evidence that the garage does not assume responsibility for cars beyond what is imposed upon it by law). There have been countless cases, many of them going up to courts of last resort, in which garages have been held liable and not liable under various circumstances. Much depends upon the verdict of a jury. The "Fire, Casualty & Surety Bulletins" of THE NATIONAL UNDERWRITER and other services cite many cases from different jurisdictions on this point.

Liability of the Garage

The garage is probably not liable for a totally unauthorized act of an employee, committed outside the scope of his employment, and under circumstances such that the employer could not be reasonably expected to know of it. It is by no means inconceivable, however, that a jury might be convinced that the employer had failed to take proper measures to prevent such actions, that employees have made a habit of "borrowing" customers' cars without any interference from the employer, that the employer did not use reasonable care in selecting employees who would be entrusted with the keeping of cars, etc. None of these circumstances may be present in this case, but sometimes they are proved and any of them might be the basis for a verdict against the garage.

The denial of liability by the fire insurance company writing garage keepers legal liability insurance does not necessarily end this case. If the company insuring the automobile owner is not satisfied that the garage is free of blame, it can always bring suit in the name of the automobile owner, and these issues can be thrashed out before a jury. The company writing the garage keepers legal liability insurance will have to defend the suit, and, if the garage owner should be finally held liable, pay the judgment.

It seems to us that this case is an excellent example of the value of insurance to both parties. The owner of the automobile has been reimbursed for his loss and the garage is protected, and neither of them have to "hold the bag" while the two insurance companies fight it out. Without insurance, either party would be in a difficult situation, facing the alternative of a severe loss

or an expensive and probably prolonged law suit.

Another interesting angle is not fully revealed by your question. You state that the automobile owner carried collision insurance. Presumably, this was with deductible. It would be interesting to know whether the insurance company paid this loss as a collision claim and applied the deductible, or paid it as a theft loss, under which there would be no deductible. Cases involving unauthorized taking of insured automobiles with consequent damage are always difficult and there have been holdings on both sides, frequently depending upon the statutes of the particular state in which the loss occurs. They are usually referred to by claim men as "joy ride" losses, although that term would scarcely apply in this case.

Can't Regulate Reciprocals in N. Y.

(CONTINUED FROM PAGE 1)

"While there has been a well prepared attempt to avoid the semblance of doing business within our state, when the nature of the business itself is analyzed it cannot be distinguished from that of any other foreign insurance company doing business here," said Judge Bliss.

In the majority opinion the court analyzes in detail the operations of the two exchanges and of the attorney-in-fact. These operations and relationships are similar to those of all reciprocals. Subscribers exchange contracts, appoint the Warner company, which has its only office in Chicago, attorney-in-fact. The latter receives 20 percent of deposits for its services. In addition the Warner group receives as additional compensation one-fifth of the credit balance left after all losses and expenses are paid. There are five advisors, but they do not function as a body and do not have ultimate power in the control and management of the subscribers' affairs.

Distinction Defined

The court has no doubt that the agreements or policies issued by the attorney are contracts of insurance, or that the reciprocals are engaged in the insurance business.

Although reciprocal engineer, traveling out of the Chicago office, investigates the risk after application for insurance, explains the plan, leaves an application and power of attorney, etc., and although the reciprocals' transactions show a substantial and continuous course of business, the court holds that the reciprocals are not "engaged in the business of insurance in this state," but engage in "the mere insurance of risks located within the state."

The reciprocals have no resident agents in New York, their representatives have no power to solicit or bind. Their explanation of the plan, investigation of the risk, and appraisal of any loss are consistent with the right of a resident to secure a foreign contract of insurance.

Situs does not confer upon the state the power to regulate, said the court. If a foreign corporation has an agent in the state, "it is then doing business through its alter ego, a situation which does not exist in this case."

F. D. Trueblood, Chicago attorney, represented the reciprocals.

Subscribe now to **Accident & Health Review**, \$2. 175 W. Jackson Blvd., Chicago.



Commissioners Suggest Defense Insurance Changes

NEW YORK—A number of suggestions intended to aid the federal government in the handling of insurance affairs under the national defense program were offered at a meeting of the committee of the National Association of Insurance Commissioners at the office of the New York department here Tuesday, and will be embodied in a letter which Commissioner Blackall of Connecticut, chairman of the committee, will send to Washington.

While secrecy was imposed as to the particular subjects discussed and the suggestions advanced, it is understood that one topic reviewed was the apparent discrimination of the government against United States branches of foreign companies in the acceptance of insurance policies. It is felt that attitude is due to lack of clear understanding of the position of such institutions, rather than to any intent. Members of the committee attending the meeting, in addition to Mr. Blackall and Superintendent Pink of New York, were Taggart of Pennsylvania, Gontrum of Maryland and Harrington of Massachusetts.

Job of Good Agent Is Outlined by Hudson

(CONTINUED FROM PAGE 4)

Local agents should not object to legitimate competition. The business of insurance must absorb its share of the younger generation if the business isn't to dry up and stagnate. There should be a sufficient number of agents to serve public interest. Up to a certain point the more agents soliciting insurance, the more insurance will be sold. There has never been sufficient manpower on the firing line.

"The local agent need not be concerned as to whether the American agency system will be preserved," Mr. Hudson concluded. "Whenever and if ever a change develops in the method of production and distribution of insurance, there will be just as great a need for trained manpower as ever."

Bankers Indemnity Executive Dies at 54

Paul H. Guilfoil, 54, vice-president and general counsel of Bankers Indemnity since 1933 died in a New York hospital Wednesday. He had been ill two weeks of a lung infection. He was born in Hartford, and educated at Trinity College and Columbia law school.

He was with Travelers in the legal department from 1911-12; attorney for Workmen's Compensation Publicity Bureau 1913-14; claim manager in New York for Employers Mutual 1914-15; claim examiner Globe Indemnity 1916-18. He was with Travelers from 1918-24 and then was an official of Norwich Union Indemnity until 1933.

Fright Alleged Cause of Disability in Accident Case

The Washington supreme court upholds the plaintiff in Pierce vs. Pacific Mutual. The assured had two accident policies. As he was motoring to his office, he turned a corner and saw two other cars, one on the wrong side of the street, approaching him and believed an accident was imminent. He slammed on the brakes and turned his car to the side of the road and as it stopped, he became unconscious. There was no collision.

However the assured suffered cerebral hemorrhage which resulted in paralysis in the right side of his face, right arm, and right leg, it being charged that this caused total disability. He claims that the fright and mental shock caused when he believed collision unavoidable were the sole, proximate cause of the injury and resulting disability. The company contended that the rupture of a blood vessel must have occurred three or four seconds before the stroke manifested itself.

The court held that the element of fright connected with physical injury will support recovery and that the injury sustained was an accident within the policy terms. It further holds that the injury was the direct cause of disability, the fact that he had been previously afflicted with arteriosclerosis being a condition and not a contributing cause.

Aetna's June Accident Campaign

The June accident insurance campaign of the Aetna Life group brought in about four times the normal volume of business. The highest number of applications, 113, was turned in by Guy L. White of the Fred E. LeLaurin agency, New Orleans. The volume prize was won by A. G. Love, William street agency, New York City, with \$3,291. The average premium during the contest was within \$1 of the annual average of the company, and the business was of unusually high quality.

Broadmindedness is the result of flattening high-mindedness out.—George Saintbury.



In

downtown
LOS ANGELES

HOTEL
CLARK

15 Minutes from HOLLYWOOD

ROOMS
555
BATHS
from

\$2.50 per day

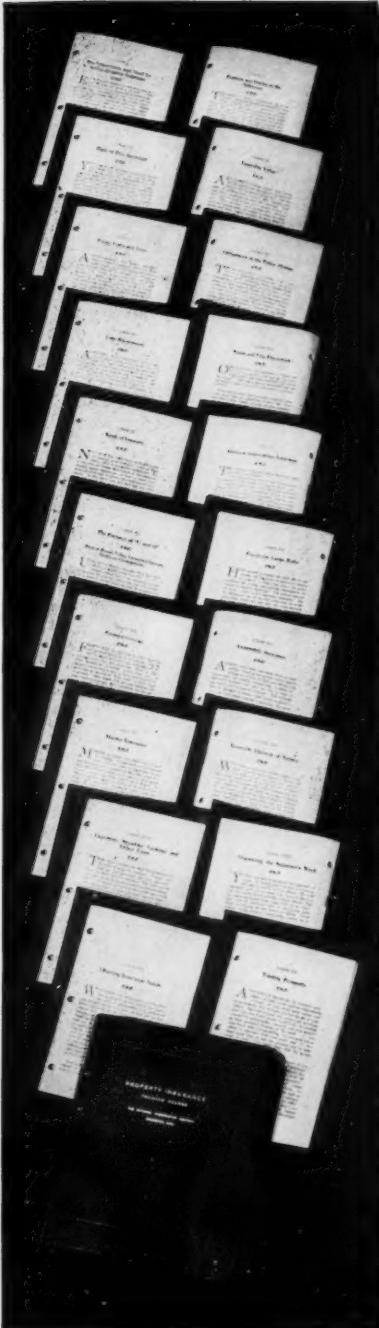
WITH the movie capital of the world and radio city within the borders of Los Angeles, entertainment reaches its zenith. Gay nights, laughter and life; sunny days filled with thrills and excitement. In the center of everything is situated the HOTEL CLARK at Fifth and Hill Streets. A hotel where you will enjoy hospitality to its fullest extent; where you will find your every wish anticipated. Whether you stay in Los Angeles for a few days or a month, choose Hotel Clark, downtown in the heart of things.

Reduce Insurance Rates

Recommend

JUSTRITE OILY WASTE
AND SAFETY CANS

Approved and Labeled by the Underwriters Laboratories and Associated Factories Mutual Insurance Co's.
JUSTRITE MANUFACTURING CO.
2067 SOUTHPORT AVE CHICAGO, ILL.



... "he Knows Insurance"

because he understands the basic fundamentals"

THE BACKBONE of most successful agencies is property insurance...here is a training course in property insurance and the allied lines.

IT is a short, easy, quick method to acquire a thorough understanding of the fundamentals of Property Insurance and the allied lines. Interesting, condensed after-dinner reading which you can complete in a few weeks.

The course was prepared by a *practical* underwriter having a background of years of successful selling experience and recognized ability as competent insurance engineer.

Though there is a multiplicity of coverages in property insurance and allied lines the fundamentals of the business change little. This course gives a clear cut understanding of basic principles. It will enable you to quickly interpret to your prospects or clients both the simple and more complex coverages.

Your ability to write business in property insurance and the allied lines is in direct relation to your personal knowledge of insurance. As you progress through the course many of the new and interesting things you learn will have direct application in your daily work.

New opportunities will unfold before you... perhaps many of the older agencies which control certain business in your town have not kept pace with the business. There may be misfit, obsolete and totally inadequate policy forms. There are many opportunities, which you will discover, for rendering an intelligent underwriting service to neighborhood property owners by presenting new angles about which they never knew.

The larger buyers of insurance are more critical now, more insurance wise as well as insurance conscious. They expect salesmen to be posted to take care of their business properly, to answer their questions intelligently, to recognize the hazards of their business or homes and to insure them against such hazards. Only the salesman who knows his business can expect to command respect for his agency and the companies he represents.

An Agent is negotiating contracts involving thousands of dollars. These contracts are of vital consequence to clients at a time when they will be in a position to value an agent's services—that is, when they are in trouble. It is too late to remedy a defect in the contract after a fire occurs, or after the catastrophe has happened.

There are still thousands to whom the coinsurance clause has never been clearly explained. Many a line has been transferred to an agent who could explain simply and clearly what this clause really means. An agent should be able to tell what voids a policy.

If a client asks you a question about transportation insurance or personal effects floater coverage which you are not able to answer and he gets his answer from another agent, is it not likely that his confidence in you as an insurance counselor will depreciate and he will transfer his business to some one who does know?

• What is in the Course

1. The opportunity and need for selling property insurance.
2. Position and duties of the insurance salesman.
3. Basis of fire insurance.
4. What the agent and insured should know about the standard fire insurance policy.
5. Fitting the fire policy form to the individual risk.
6. Obligations of the insured under the policy contract.
7. Loss adjustments.
8. Rating schedules and fire prevention.
9. Competition with other kinds of insurance companies.
10. Loss due to interruption of business.
- (use and occupancy).
11. Rents, leasehold and profits insurance.
12. Special forms for big risks.
13. Windstorm insurance.
14. Automobile insurance.
15. Marine insurance.
16. Earthquake, rain, flood and hail insurance.
17. Sprinkler leakage, explosion, other allied lines.
18. Organising the salesman's work.
19. Charting your prospect's insurance needs.
20. Finding prospects.
21. Principles of insurance salesmanship.

YOU MUST BE SATISFIED

If you are not satisfied that the property course has been worth the price to you, after you have enrolled and have paid the entire tuition charge, studied the lessons carefully and returned the written papers answering examination questions furnished with each lesson, you may return all lessons and request refund of tuition, within one year from date of enrollment. Every cent paid by you will be refunded promptly. This guarantee goes with every course.

Make the Most of Your Opportunities—Enroll Now!

Enrollment Form

Name.....

Company.....

Title.....

Street Address.....

City and State.....

THE NATIONAL UNDERWRITER COMPANY 420 East Fourth Street Cincinnati, Ohio.

Enroll me in the correspondence course entitled "Property Insurance Training Course" for which I enclose \$5 and agree to pay balance in three monthly payments of \$5.00 each.

I am to be furnished the complete series of lessons, a loose-leaf ring binder to hold the lesson booklets, and quiz for each lesson. My written answers are to be carefully gone over by you, corrected and returned to me with grade indicated and any comment instructor may care to make for my guidance.

*CASUALTY
FIDELITY
SURETY*
REINSURANCE



ESTABLISHED 1911

THE
European General
REINSURANCE COMPANY, LIMITED
OF LONDON, ENGLAND

*United States Branch
99 John St., New York*

T. L. HAFF
U. S. Manager

E. BRANDLI
Asst. U. S. Manager

